

Gov. Doc. Ontario Hydro Electric Co. Ross.

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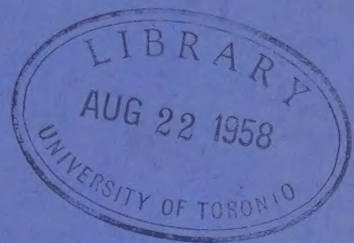
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Inquiry
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LDG., TORONTO

Commission, 1922-1924

5081 - 5205

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HYDRO ELECTRIC ENQUIRY COMMISSION

GENERAL RELATIONS

TORONTO, APRIL 26TH AND 27TH, 1923.

W. C. Coe
Official Reporter

HYDRO ELECTRIC INQUIRY COMMISSION.

PARLIAMENT BUILDINGS, TORONTO,

THURSDAY AND FRIDAY, Apr. 26-27/23.

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AND W. L. WILKINSON

Government should continue to have control of hydro

We do not get any privileges by being part of Niagara Falls

Minister should submit his estimate before Legislature in detail

It costs more to send hydro power to Bramford and Windsor than Niagara

We get power from Ontario Power Co. for 110 cents p.

We now receive 380,000 kwhs from Hydro

Might as well say power of north should be delivered free at Falls as that power should be delivered north free

HAMILTON, B. C. M. KENT, E. S. WATKINS, F. C.

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Do not recommend any control
It would be a mistake to see municipalities to suppose

Hydro Commission should be strongest possible

Do not think municipalities would support best way

Do not know of any better plan than present one for financing project

The fact that Hamilton and up hydro finds does not help credit of Hamilton

April 26th, continued at 4:30 P.M.

GEORGE VAN VOORHIES

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A Commission appointed by municipal entities would avoid local troubles

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ADJOURNMENT. 5264.

THE HYDRO ELECTRIC INQUIRY COMMISSION.

Parliament Buildings, Toronto,

April 26th, 1923, 10:30 A.M.

GENERAL RELATIONS.

Volume 11.

P r e s e n t :

W.D.GREGORY, Esq.,	CHAIRMAN.
M.J.HANEY, Esq.,	COMMISSIONER.
LLOYD HARRIS, Esq.,	"
J.A.ROSS, Esq.,	"
R.A.ROSS, Esq.,	"

J.H.W.BOWER, Esq.,	Secretary.
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STEWART LYON

THE CHAIRMAN: I think you know pretty well the ground we have been covering and perhaps it is not necessary to ask you any question. If you do not cover the ground, we will then ask some questions.

MR.LYON: Mr.Chairman and Gentlemen:

There are two problems arising out of this resolution: first, the question of control of the Hydro Electric Power Commission; second, as to whether there should be a financial re-arrangement by which the municipalities instead of the Province shall control the capital issues and be responsible for them. I would like to deal with the second question first.

Before doing so, I would like to put on record a

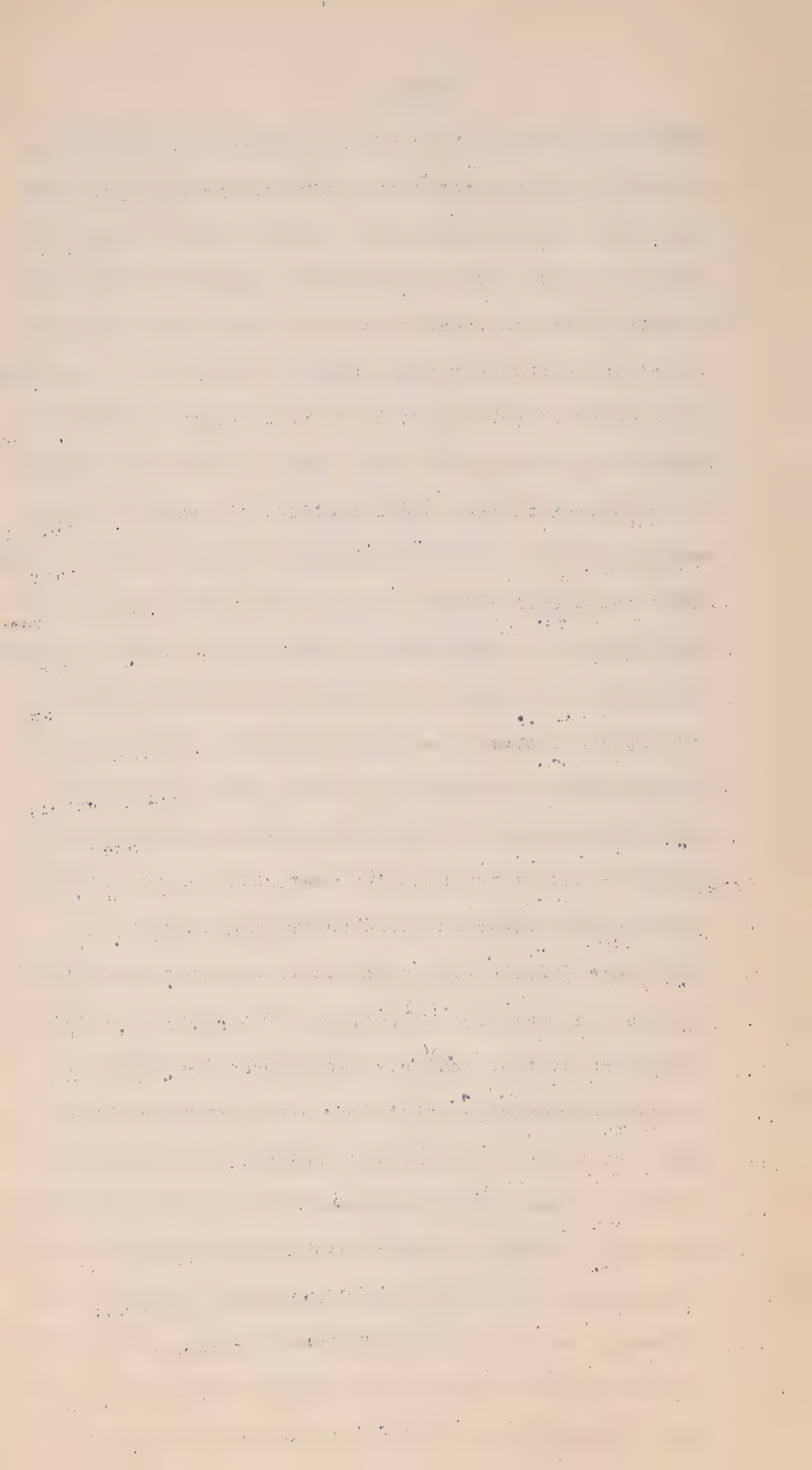
a few figures as to the very great importance to the people of Ontario of the Hydro Electric System as it has been developed.

The population of Ontario by the last census was 2,933,662; in March of this year there were connected with Hydro systems in municipalities throughout the Province 1,696,162 people, leaving altogether, taking the census of 1921 as the basis, 1,257,500 people in Ontario not connected up with Hydro service. There are probably a million of these people who, until the St. Lawrence service is developed, will not be able to get much benefit from the Hydro service as at present organized. The total number of consumers, that is the actual services, houses, stores, factories, workshops, was 335,500 at that time in March. The volume of power used in the public service as at December (there have been no later accurate figures) was 628,000 h.p.; of that 66,000 were exported, leaving for domestic consumption in Ontario 562,000 h.p. actually supplied during the month of December. 476,000 of this quantity of power was supplied in the Niagara District, which means that it represents about four-fifths of the total power supply.

Q. I suppose in referring to the Niagara District, you refer to that which is served by the Niagara System?

A. Yes, 250 miles away. This 562 h.p. represents an enormous economic saving to the people of Ontario. Mr. Ross who is one of the most eminent hydraulic engineers in America tells me that a very highly efficient plant such as the plant on the East River, New York, and the Detroit

plant would use ten tons of coal per year in developing an electric horsepower useful for twenty-four hours each day. Some of them might get a little below that, but that would be a very good average for a highly efficient plant. We were paying in Ontario for soft coal during the past winter at points near the border, as much as \$12. Mr. Haney tells me he is getting coal for this season delivered in wholesale quantities for Port Credit at about \$7.00 per ton. We would like to get some ourselves. It would be a fair assumption that the coal equivalent of this electric horsepower would cost \$10 per ton all over the Province. Some would have to be delivered to North Bay and some to Ottawa and some as far West as the head of the Great Lakes for the Nipigon System if we had to use coal instead of water, so that, speaking generally, the coal cost of the power delivered wholesale by the Hydro Electric Commission to Ontario would be ten tons per year, \$10 per ton or \$100 for each horsepower supplied under the contract. There were 562,000 h.p. supplied in December which would represent a coal cost of \$66,200,000 a year. The electric equivalent of that coal was supplied to the limits of the various municipalities and to the companies taking power for a cost of something like \$12,000,000, so that had Ontario been under the necessity of using coal instead of electric power produced from water, we should have had to pay about \$44,000,000 during the past year more than the amount we did pay for these facilities. These figures are conservative figures and under the mark rather than over. Therefore, the thing that you are dealing with is a



public utility that is of enormous value to the people of Ontario and will be of a greatly increasing value.

The questions you ask are these in effect: Should the million and a quarter of people who have had no benefit but may actually be injured by cheap light and power provided in other municipalities that might draw away their industries, be asked to assume a guarantee for the construction of such a light and power system in various parts of the Province near or remote?

The second question is: Should the municipalities that have risked large sums in water power development be asked to pay more than the cost of light and power for all time in order that municipalities remote from sources of power shall obtain this light and power for all time at less than the cost?

THE CHAIRMAN: Who is asking these questions?

A. These are the questions implied in these two questions: Shall we change the basis of the financing of the Hydro Electric Power development?

Q. I do not read them in that way? A. No, they are not the Commission's questions, but these are the questions involved in answering the query.

When the public supply any service, there is always a danger that many people who get no benefit from the service may have to pay part of the cost. Take, for instance, the post office. You deliver a letter across King Street from the one side to the other for 2¢; it does not cost anything like that amount of money to do it. You deliver another letter from Toronto to Dawson City and it

costs a great deal more than the three cents the Government gets for it, but as a matter of public utility, the people say, "We will combine all these things and deliver one service at more than cost in order that the other service may be carried on at all.

Q. Are you asking for a flat rate? A. I want to develop it in a moment. Take the T. & N.O. Railway, which is a Provincial service. We find the same principle involved. The people of this Province⁰⁰⁰ spent about \$25,000, to run that railway into the North; that railway is used chiefly to carry supplies into the gold and silver fields and to the pulpmills. Some of these mines are highly profitable. The T. & N.O. Railway did not come within \$600,000 last year of providing enough money to carry its capital, pay interest on its capital, so that you and me and all the other people of Ontario had to pay \$600,000 last year to enable the proprietors of the Porcupine and other very rich mines to carry on their operations as far as transportation is concerned, at less than cost. Nobody, as far as I have seen, has objected to the people of Ontario paying \$600,000 a year to carry out the transportation to the people especially interested in Northern Ontario at the cost of the people of Ontario. In the National Railway we find the same thing. The Confederation Compact provided that a railway should be built from the Maritime Provinces to the centre of Canada. That railway happened to be built around the bow of a circle, whereas the natural route was across the string of the bow. For all time, the people of Canada will have to pay the difference between the actual cost of hauling freight around that bow instead of across.

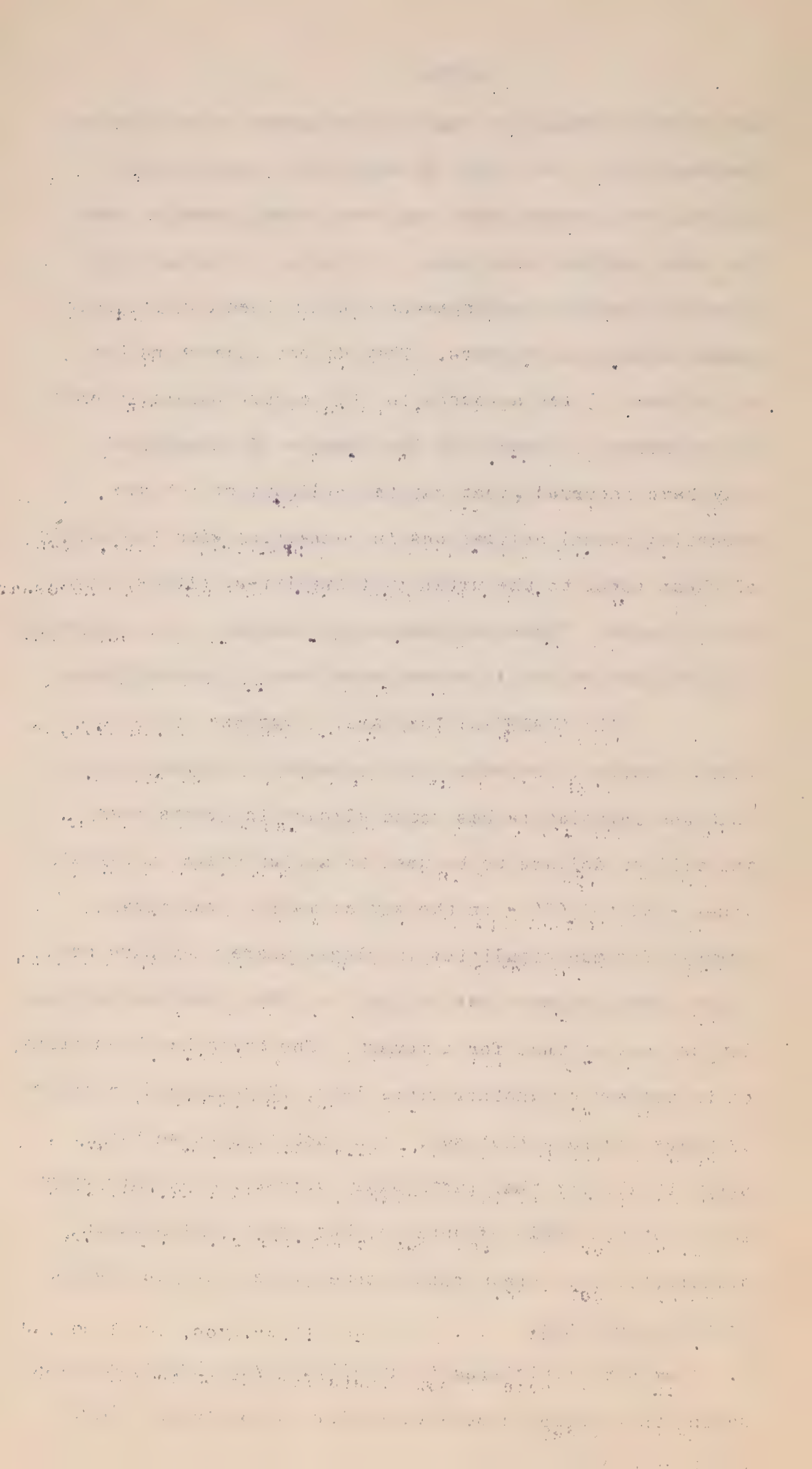
The difference between the cost of hauling that freight and the amount that the Government gets for the freight hauled has to be paid by the people, the Government cannot charge the cost of hauling the freight because the C.P.R. has the string of the bow and the rate is fixed by the shortest route. Everybody in Canada is paying part of the cost of the bargain of Confederation and will continue for all time to do so because of the natural conditions.

In the evolution of the Hydro Electric System in Ontario, the people who were engaged in the work in the beginning - and there are some of them still with us - desired to introduce a new principle in public service: that there should be no deficit to be paid by the general community who did not benefit from cheap light and power, nor a surplus to go in the reduction of taxes from the excess profits, and the system of service at cost was evolved in such a way that each municipality taking a contract for the Hydro Electric Power covenanted to pay cost of operation, cost of sinking fund and cost of plant replacement and no more. Each year as the accounts were adjusted, they were increased or decreased in such a way that these three elements of cost would be covered and no more. As a matter of fact, one of the grievances of the municipalities at the present time is the cost, and the Gentleman from Gravenhurst showed yesterday that they adjust these costs year by year and if there is a surplus they return it, and if there is a deficit, they require the municipality to make good. Now, I think that system ought

not to be imperilled by any re-arrangement of the actual responsibility. We ought in any case to preserve that system. The reason there has been dissatisfaction among the rural members with Hydro , I think, is because this point of the Hydro arrangement has not been sufficiently placed before the members. They do not understand how it is done. I see accounts in the country papers in which the statement is made that the farmers of Ontario not only have incurred great capital obligations but are incurring annual obligations in connection with the supply of cheap power to the urban municipalities, cities, towns and villages. These statements are made and it is necessary I think that we should stress some form of contradiction.

THE CHAIRMAN: They are, I suppose, true to a certain extent. We were told yesterday by Mr. Guilefoyle that the Legislature has voted already in grants over two million dollars to be used to assist Hydro in certain lines - \$2,500,000 - in the way of making preliminary surveys for municipalities in places where they have not taken power, and for other things? A. Well, now, Mr. Chairman, let us look at that for a moment. The thing has been going on in one way or another since 1906, 17 years, and in these 17 years, we have that sum. I do not suppose we have spent it all for that particular purpose, but we have spent it out of the funds of Ontario, two and a half million dollars, for this great public enterprise, that you are not going to get back.

Q. I am not criticizing it at all, Mr. Lyon, but I am just saying that there is some basis for the statement which has been made?



A. I would assume that. Supposing you say that we contributed even that \$200,000 a year; that would represent among the population of Ontario about 7½¢ per head per year. But as a matter of fact, this is a great public convenience. To a certain proportion of the people it is not accessible. The great objection, in which the farmers perhaps have a grievance, is that you have a contingent liability of probably a little over \$50 per head on the capital advanced by the Province for the Hydro Electric enterprises.

Q. What do you mean by that? A. You have advanced \$150,000,000

Q. Rather over \$100,000,000 and guaranteed \$60,000,000.

COMMISSIONER HARRIS: It is all the same thing.

MR. LYON: I am assuming it is the same thing.

The Central Ontario System is still under the Government and it is their own affair, and it was assumed in a special purchase of Hydro. Call it \$150,000,000, and there is a population in the Province of 3,000,000, so that \$50 per head of the population would represent the actual investment of the people of Ontario in the Hydro system. If Hydro failed utterly, each person in Ontario, including the million and a quarter, would have to pay \$50. That is a liability. We ought not to boggle that loan. It is there and these farmers say that they have a mortgage on their farms to the extent of \$250 a farm to provide capital for Hydro development, and "What are we going to get out of it? We cannot get cheap power; we cannot participate in the benefits of this system? Where do we come in?" I do not think there is any answer to that except by removing their grievances and providing such security as will show these farmers that they are not

imperilled, that they are simply going along getting interest on their money which has to be repaid as a mortgage would be repaid at a fixed time.

Q. What would you say to the argument that we often hear that the Province is guaranteeing or financing all these enterprises and that has an effect on the credit of the Province so that for its own borrowings it has to pay a higher rate of interest than it would have if it was not responsible in respect of these guarantees? Would you attach any importance to that? A. No. The fact that we have gone into municipal trading on a great scale in Toronto has not affected the value of the security of Toronto relative to Montreal. Montreal does no trading at all and we can get money as cheaply as Montreal.

Q. That statement has been made by people who have more or less to do with financial affairs? A. I think you can check it up with the average price for Toronto and Montreal bonds. Montreal has no municipal trading; Toronto has much; if our bond yield has as good a price as Montreal on the average, then there is no disadvantage.

Q. Take the Province of Ontario compared with the Province of Quebec, is there any differences in the rate which the Provinces have to pay? A. I think Quebec does not go on the market as often, apart altogether from Hydro bonds. Quebec carries its finances much more carefully.

Q. Can Quebec borrow cheaper than Ontario? A. I have no knowledge of that. Speaking generally, my view is that the credit of Ontario has not been adversely affected by the \$107,000,000 of direct Ontario issues for Hydro

purposes. You can sell these bonds at a good price any time you want to put them on the market because it is not a debt in the sense that one speaks of a national or Provincial debt; it is an investment of capital which is retroactive.

Q. Of course it is a liability. Supposing a man of very good financial standing were to endorse very heavily for a friend whose financial standing might be good, would it not to some extent affect his standing at the bank and his ability to borrow for himself?

A. I think not, if it was shown that the borrowing was for an industry that was as secure as a mortgage, because after all, your borrowing for this purpose is as secure as a mortgage. You are getting paid and the accumulation will be back of your mortgage, and as the gentleman from Gravenhurst said: You are doing things that a private company, borrowing money for such an investment, would not be asked to do or would not think of doing, because a private company returns only sinking fund on bonds; private companies would not have bonds for more than half the capital invested. In fact if they have more, it would be an unsafe proposition. Therefore, their sinking fund represents a repayment at a certain fixed time, but they have the capital still outstanding. In the case of Hydro you are actually providing for the repayment of your capital, and you are going to give the next generation the capital of this enterprise as a free gift.

Q. Will there not be all the time additional capital investments? A. Yes, but all the time a similar rule will apply, and at a certain fixed time, each capital investment

will be liquidated.

Q. There will be a continuing outstanding liability?

A. Surely, but it is a proportionate amount. It will decrease all the time as the debt is paid off. You speak about the farmers and their attitude as expressed to you; what can you do for them? You have done something in the way of paying off the cost of rural lines?

Q. Do you think that is a wise and proper thing to do?

A. I do not think from an economic point of view it is justifiable but we are not always governed by reason, and I would continue to do it.

Q. Would you go any farther in that direction?

A. No, because I think if they get these facilities too cheaply they will not appreciate them.

Q. I have heard farmers talk about it. People from small places come into Toronto and find people buying power here at less than 1¢ a kilowatt, and perhaps they have to pay 5 or 6 or 7 times as much, and they say, "We are giving our credit to this whole undertaking and the credit of the Province is being used and the municipalities are getting power very cheaply on that account; should not something be done for us to equalize that and to recognize the disadvantages we are under owing to living in a sparsely settled district?"

A. I think if the Province as a whole pays 50% of the cost of extending pole lines to the rural parts, that is a reasonable equalization for the amount of credit that these portions of the Province give.

Q. You would not go any farther? A. No, I do not think I would.

Q. A number of them say you should go farther, and they say: it is in the public interest to assist the people in these rural districts and encourage people to live in rural districts and to make conditions such as will encourage them to live there, and they say on that broad policy, something more might be done to put the rural rates on a parity with the other rates.. They say the cheap rates given in cities like Toronto has a tendency to attract people away from rural communities, and that the few industries they have in these small places now, are being centred in Toronto and that is not a healthy tendency. They say they should be considered in regard to the disposition and sale of power?

A. I do not think there is a great deal in these arguments. You see you are entrenching on politics because after all it is more than a distribution of light and power at cost. That is a question of general policy. One can take another aspect. I am a free trader and I say your protective tariff is a much more handicap to the man in the rural district than any decrease in the power rate, and somebody will come along and say, "Let us abolish the tariff".

Q. We are not dealing with the tariff? A. You are not dealing with the economic side of the power question when you are waiving altogether the question of the cost and the question of what the power should cost and what it does cost and treating it as a matter of bonusing rural communities and saying, "Let us put these pole lines through the whole of Ontario.

Q. You introduced it yourself? A. But I pointed out that in this case we were trying to avoid that in every way and we were trying to establish a system in which there would be absolute equality between the various classes of consumers. We have departed from that system in the case of the rural consumer, and we are supplying him with power at less than the actual cost, and you say that is not enough.

Q. No, I say they come to us and urge that something might be done for them in the way of equalizing rates, and we would like to have your opinion on that. I understand you to say you think the Government has gone far enough? A. I think it has, I would rather do the thing the other way, and that is the proposal that I would like to present to you to take away that manifest injustice under which a million and a quarter of people are guaranteeing the power system without getting any benefit from it. I think the Government of Ontario ought to cease advancing money from the Provincial Treasury for Hydro purposes; I think the moneys now invested by the Government in Hydro Electric development should be secured by a general mortgage on all the properties that have been created by that investment.

Q. You would bring that about how? What method would you use to do that? A. Of course you could not bring it about by the cancellation of the existing bonds; it is just childish to talk about doing that for this reason: the bonds of the Province of Ontario which were issued for these Hydro purposes were not earmarked at all; they were issued at the same time as bonds for roadmaking and

bonds for buildings of asylums or prisons and for dozens of other Provincial purposes, T. & N.O. extensions. These bonds are never earmarked at all. You would have to retire every bond issued by the Province of Ontario in the last 15 years in order to get back the bonds issued for the Hydro.

Q. They are falling due from time to time; would you suggest that as they fell due they should be replaced by bonds of another character? A. No, I do not think there is any need for that.

Q. Or would you raise money to pay them off?

A. I believe the sinking fund accumulations that are coming in year by year in the Hydro system added to a general mortgage would be sufficient.

Q. How would you finance this general mortgage?

A. On the property; I would have a mortgage given by these various municipalities to the Government of Ontario.

Q. Would not that impair the borrowing powers for future requirements? A. No, because as your future requirements came along you would have assets against them; you would be borrowing against new work.

COMMISSIONER HARRIS: That is where the undertain element would come in; you would have to give the Government a first mortgage on everything except you have about \$30,000,000 and you have the electric development underlying bonds and the underlying bonds of the Ontario Power Company. These would unquestionably rank first; they are only relatively a small part but they amount to probably \$30,000,000 out of the \$150,000,000. Outside of these underlying securities which I suppose no

Government would care to disturb, you could give a general mortgage on all the other property?

A. You must remember that the municipalities cannot all give that mortgage as one group. You have fourteen systems; you have a system like the Niagara System where practically all the capital has been supplied by the Government; the Nipigon System is the same. In Central Ontario, the Government owns the property and you have other groups; some of them complain that they have their own capital in the business; the Government has nothing in it so that you would not merely have to liquidate one system, but you would have 14 groups of municipalities each of which would mortgage the property owned by it to the Government and enter into a covenant to pay to the Government, as any ^{who} man/makes a mortgage does, if the mortgage fails to realize the amount due, the municipalities would enter into a covenant to repay the amount; it might be a little more complicated than a mortgage, but I see no reason at all why the Government advances to the Hydro system should not be treated in the same way as a mortgage would be treated.

COMMISSIONER HANEY: I think it would seriously impair the security for future borrowing which must necessarily be very large.

COMMISSIONER HARRIS: Then they would have to put on a second mortgage.

COMMISSIONER HANEY: It would really be in a sense a second mortgage; the development up to the present time would be covered by the first mortgage which would be given to the Government, and there would be nothing for

future borrowing except the development which would be made and for which the money would be required.

MR.LUCAS: There would be the credit of the municipalities.

COMMISSIONER HANEY: I am speaking of the mortgage itself, and I am speaking of the difficulty of financing for new borrowings.

MR.LYON: Apply that to the St.Lawrence development; I think you will be forced to go into that within two or three years and you would form a new group, and the Niagara group would have nothing to do with that St.Lawrence development. The St.Lawrence group would create property which one might suppose would be at least worth a good deal more than the amount that would have to be borrowed, because you are getting, in addition to the money you are spending on the development, the inherent asset of the water power itself before development, so that the Province would have the water power, which must have some value, and the Province would have a mortgage on all the work created out of the said water power, and the Province would have the covenant of the municipalities of the St. Lawrence group that, if the property had to be sold and did not realize the amount actually put into it, they would agree to repay the difference.

Q. What would a covenant of that kind be worth?

A. Bless my soul, I think the covenant of the average Ontario municipality is perfectly good, just as good a covenant as any of you gentlemen could give.

COMMISSIONER HARRIS: Supposing they made default and the Government started to take proceedings against

these municipalities? A. They would not all make default at once.

Q. They might if the whole system failed? A. Take the worst case you have and the only bad case you have had in Ontario, the Nipigon system in which you are losing money at the rate of \$300,000 a year, if that system were to fail to pay for eight or ten years, Port Arthur and Fort William would be in a bad way.

Q. At the present time these municipalities are liable to the Commission for the whole of that amount, and they hesitate to take proceedings, but a bondholder would have taken proceedings against these municipalities at once?

A. I do not want to get into an argument.

Q. I want to point out the inherent weakness of the Government as a creditor of municipalities. In the case of the old Municipal Loan Fund, they never collected that money from the municipalities, although they should have?

A. I do not want to argue, but take the Nipigon case who are in default, if we look at the situation, the people who are in default are the past Government and the present Government. They agreed to a development which would be ready by a certain time to deliver power, and they knew the moment when that development was ready to deliver power there would be interest chargeable against the development. Now, surely business men would have seen to it that when that development was ready to deliver power, there would be people ready to take the power that was being delivered, and yet both governments were in default in permitting that pulp company to go along on a loose rein instead of having

a binding contract.

COMMISSIONER HANEY: Oh, no.

THE CHAIRMAN: I am not suggesting that, but I think you will find that the Government as a creditor has great difficulty in enforcing its rights against municipalities because these municipalities are all represented in the Government, and it is difficult for the Government to take proceedings. I

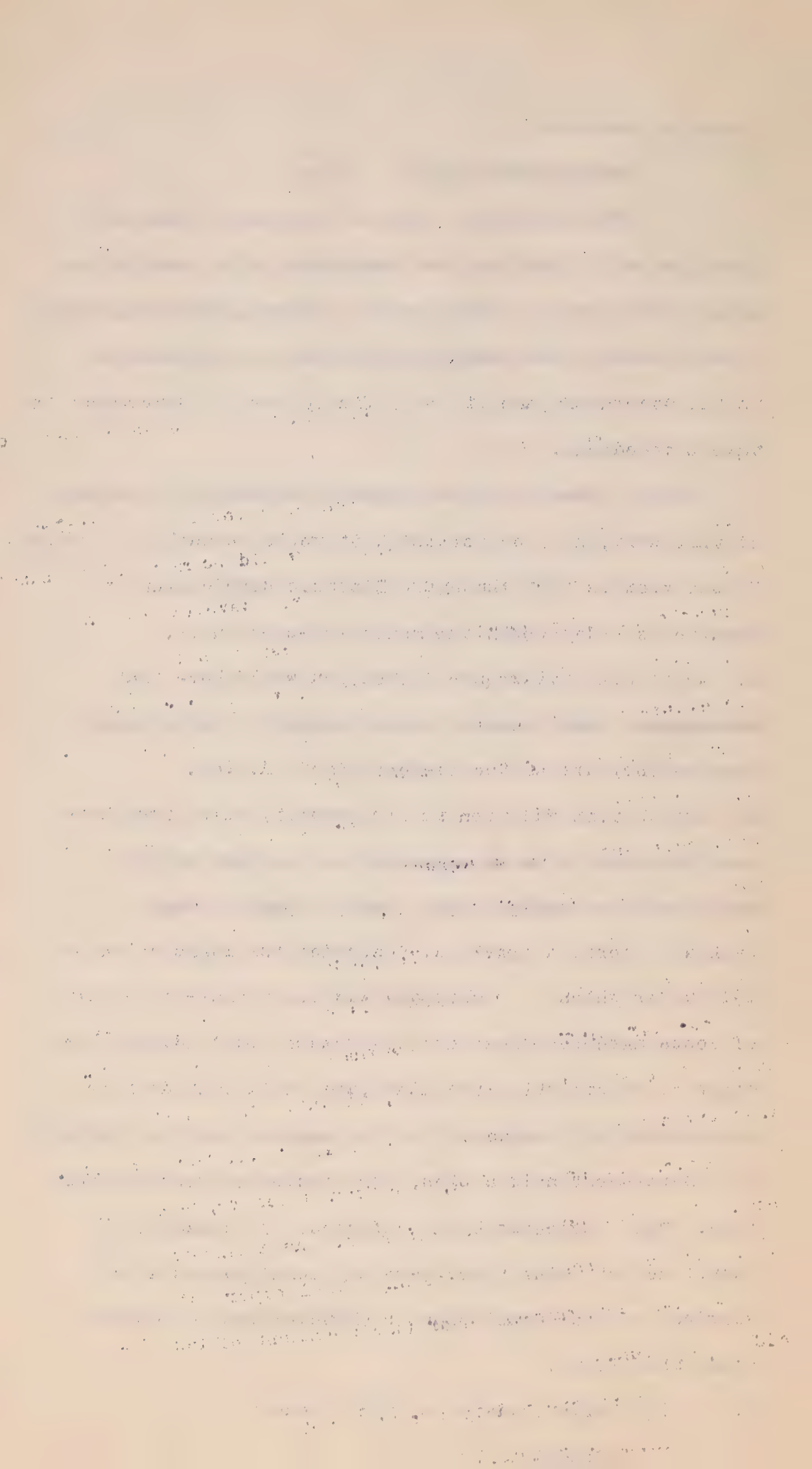
A. I think I would take a chance of enforcing a contract of that sort, and I do not think it would be much of a chance. My own view is that the Hydro Electric development in Ontario is today worth the money invested in it.

Q. As to the St. Lawrence System, you would have that development take place by bonds issued by the Government just as they are at the present time? A. Yes.

Q. But that, in addition to the security which they have now, there should be an agreement on the part of the municipalities who get that power, to pay the money back at a certain time? A. Yes, under the legislation of 1917 under which Chippawa was built, there is a sort of loose agreement that the Government shall advance the money of constructing the plant, and until that debt is discharged they shall hold a lien against all the property. The Government hold a lien, the Commission representing them. That has never been enforced. As a matter of fact, I do not think there were any legal papers at all showing that the Commission or the Government of Ontario holds that lien..

Q. It is a right created by the Statute?

MR. LUCAS: Yes.



MR. LYON: You can change that statutory lien into a mortgage?

MR. LUCAS: Yes.

THE CHAIRMAN: It is in effect a mortgage but there is no direct liability of the municipalities to the Government. The Government, if it had to pay these bonds, would have no remedy against the municipalities. The only way it can recover would be through the Hydro Commission charging rates to the municipalities sufficiently high to pay back the amount the Government had advanced. It has no direct recourse against the plant itself.

MR. LYON: I think you ought to have direct recourse.

Q. That is what you propose in connection with the St. Lawrence development, and I am interested to know how you work that out. You would have the different municipalities issue their bonds for a proportionate amount and deposit these with the Government. In the case of the Radial Railways, all the municipalities put up bonds for a certain proportion and these are held by the Commission, and it can sell these bonds in the event of a deficit arising which is not met by the municipalities; would you have something of the same kind in the St. Lawrence System? A. The total capital cost on the St. Lawrence System would probably stagger the municipalities as there are no great cities down there.

Q. It might stagger anyone? A. No, because you can always sell that power in the States until you need it.

Q. Would you suggest that the municipalities might be relieved of putting up bonds?

A. No, some bonds but not bonds for the total amount of the cost.

Q. You would not have them deposit bonds for the full amount? A. No, if you have a mortgage on the physical property which is worth \$100,000,000, why should you take double security and require the municipalities to deposit bonds for \$100,000,000; your contingent liability would never be as much as \$100,000,000.

Q. Proceeding on the bonds would be the only way, in the even of default? A. The bonds are secured by a mortgage.

Q. Bonds are given and a mortgage given to the trustee in the case of a private company, and in the event of default, the trustee can proceed and foreclose?

A. Yes, but that is a different kind of bond. These municipal bonds are bonds to pay the actual money.

Q. So it is with the bonds of a private company?

A. No, if the company fail the bonds are at once a lien on the physical property of the company. You propose first, that the Government shall own the property, and then it shall collect the value of the property from the municipalities.

Q. I am trying to outline how you would work it out?

A. It would work out in that way: Put \$100,000,000 in the St. Lawrence development and give a mortgage for \$100,000,000 to the Government.

Q. You propose to give an actual mortgage? A. An actual mortgage.

Q. If the Hydro Commission constructed the work, would that mortgage be given by the Hydro Commission? A. No, by the municipalities; they would be the beneficial owners.

Q. It would be a general mortgage on all the municipalities within that group? A. Yes, they would join in a general mortgage and they might very well put up some bonds, 25%.

Q. The practice is to put up bonds for the full amount of the advance? A. I do not think it is good practice because you then have double security.

Q. If they took proceedings under the mortgage, they would have to proceed for the full amount? A. They would foreclose on the mortgage and get the property, and in addition to the property, you would want them to have bonds for the face value; I would say 25% would be sufficient.

Q. A mortgage for the full amount executed by the municipalities and then bonds of the respective municipalities in proportion to their interest which would be held by the Government as additional security, and these bonds would be a liability of the municipalities?

A. Yes.

Q. So that the Government in the event of default would look to the property itself for 75% and to the municipalities for 25%? A. Yes.

TO COMMISSIONER HANEY:

Q. In any event you would propose that the Government should be the banker as at the present time?

A. I do not see any other way out.

Q. It was suggested here yesterday that the municipalities should refund and pay the Government off? A. That is physically impossible. You have scrambled this omelet and you cannot unscramble it.

The second question is as to the organization of the Hydro Electric Commission. I think the Commission should be reorganized so that two members would be appointed by the municipalities and one by the Government.

Q. Still continue with three members? A. Yes.

Q. For what time would you have them appointed?

A. Not at pleasure; I think they ought to have a fixed tenure. I think it is a mistake to have a man as a commissioner subject to being dismissed if he does not do what they want him to do.

Q. Every Government official is in that position?

A. These men are trustees not for the Government but generally for the Government and the municipalities.

Q. I think you will find every Government official is in that position? A. These men are not Government officials.

TO COMMISSIONER HARRIS:

Q. How would you elect the two municipal representatives?

A. Just like a joint stock company - so many votes for so many horsepower.

Q. That would give control pretty well into the hands of the large municipalities? A. They have been generous in the past.

Q. What kind of men would you get - engineers?

A. I did not think all engineers; you have your technical staff permanently employed.

Q. You do not think an engineer would understand more of Hydro problems? A. No, some of the men who have done the best in the promotion of the Hydro enterprise in Ontario had no engineering experience, men like Mr. Lyons of Guelph.

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Q. Would you get financial men? A. I would/like to bind the Government; you have big financial men in municipal government in this Province.

Q. It has appealed to me that the important question is that of the personnel rather than where the Commissioners come from or who they represent? A. Quite frankly, I think the municipal representatives would average as high as the Government representative - during the last 15 years.

Q. Would you treat them as one group? A. No, I have discussed this thing with Sir Adam Beck, and I think you can group your system something like that. You saw the difficulties that developed yesterday. This is going to be a pretty big system, and you will have \$300,000,000 or \$400,000,000 invested in it before you know anything. Supposing you had associate commissioners chosen to do business for each group.

Q. You mean each individual group? A. Yes, each system. At a time when matters came up affecting that group, they could take part. For example, you have a Hydro Commission agenda every two weeks with 50 or 60 items; three or four might affect one group and a half dozen of the items affect the other group and 20 affect the Niagara group and so on. It would be very profitable to give \$25,000 a year in order to have eight or ten men in various sections of the Province who, when matters affecting Hydro organization of that particular section of the Province came up for discussion before the Hydro Commission, would be associate commissioners for that purpose only.

Q. And would have equal voice with the permanent members?

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A. Only in the discussion of matters affecting that district.

Q. Some matters might affect one district and some matters another district? A. Yes.

Q. You would have just one member from each district?

A. I think that would be quite enough; you could divide them into ten districts and give these members a couple of thousand dollars a year for coming up twice a month to Toronto, and I believe you would sweeten the thing so much that much of that petty friction you have now, that is, district friction, would be avoided because your district man would make himself familiar with his district and discuss it with the people and come to Toronto and represent his district. It is a very hard thing for three men sitting in Toronto and who must be ~~responsible~~ residents of Toronto, to deal with matters from Fort William today and from Cornwall the next day and from North Bay the next day. If they could be re-enforced in their knowledge by these local men coming in, when matters affected their district, you would still have the three men responsible, and they would have the general administration on their shoulders and formulate the policy and do the general work of the Commission, they would be greatly assisted.

Q. You would have three full-time men and ten partial-time; you would give these associate members an equal voice in these matters? A. Only in local matters.

Q. In these local matters? A. Yes.

Q. Do you think that would work out all right?

A. I do not see why it should not; we have similar

organizations in Ontario. Take the Board of Education; the High School Board sit as a Board and deal with Public School affairs and the Catholic High School representatives, when they are dealing with Public School affairs, do not take part in the proceedings, but in ten minutes the Board may be changed into a Board dealing with High School matters, and then the Catholic representatives sit on the Board and have an equal right and an equal voice, but they are part time members.

THE CHAIRMAN: I think that is hardly analogous.

MR. LYON: Where does the analogy fail?

THE CHAIRMAN: I think you might find it difficult if one of the members of the Commission only had the same vote as the local member; he might block the proceedings and nothing could be done.

MR. LYON: It seems to me they would keep the Commission in touch with the local municipalities and could advise them on the local situation.

Q. Why not have a man appointed from the local Commissions to go up and do that? A. They would feel their position inferior. A man who is not able to implement his views with his vote would not have much effect; you might as well send up the superintendent.

Q. There are so many local questions that are really general questions which might involve a very large expenditure? A. You have the votes of the three Commissions against one. If they are voting on the general policy, the Commissioners would not divide two and two.

COMMISSIONER HARRIS: I do not think you can compare Hydro to a school board. Hydro is a business proposition. They are selling a product, and they have got to get sufficient money from their customers to pay the cost of producing that product; you would not want to sell education at cost?

MR. LYON: I am afraid some of the school boards are not very much of a business proposition, and they do not sell at cost. I think you will have to make some arrangement for a more intimate touch with the different districts.

Q. I think it is more important to make an arrangement for a more intimate touch between Hydro and the Government, as the Government is the banker, and they should be kept fully advised? A. You have a member of the Government as a member of the Board.

Q. I do not agree with you at all? A. I hardly expected that you would, Mr. Harris.

Q. Why? A. Because I think you have not been very sympathetic to the public ownership problem.

Q. What makes you say that? A. Various things I have noticed.

Q. Of course we are not here to argue that? A. You have been interested in private development and one can hardly expect you to be in both camps and sympathize equally with both.

Q. Is that a crime? If it had not been for private enterprise, people who are interested in the development and who try to create things and develop resources, I do not

think this country would amount to a row of pins.

However, I would like to say that I am not here to destroy Hydro. This is not a destructive Commission at all; it is a constructive Commission, and we want to hear constructive criticism, and we want to hand out constructive criticism and do everything possible to put Hydro in such shape that it will be absolutely sound. Nobody dare destroy Hydro and a man would be a criminal to attempt to do so.

A. I have tried to avoid controversial issues; you raised the question yourself.

Q. You made a certain observation which I thought I had to answer. However, this whole business of Hydro and electric energy is one of the most technical subjects you can possibly think of. If you had a municipal representative on the Commission, I think you would get into all kinds of trouble. Hydro wants the best management of any industry or business in this whole country, and you have got to have economic management and efficient management, otherwise Hydro cannot give us results that we are hoping for. The idea of Hydro in the first place was so that people could get cheap power - power at cost. Now power at cost might mean anything. If cost is low and economic and efficient, as it should be, it is all right. This is the greatest thing we have in the country, and if costs are not controlled, and if they get out of hand, Hydro might be the biggest load that was ever put on our shoulders, and that is what we are here to try and find out. We have no idea as to whether it is being managed extravagantly or not, and that is what we are trying to find out, and we

are trying to give service to the people so that they will know exactly what Hydro means. We cannot destroy Hydro. Who wants to destroy Hydro?

MR.LYON: It is the enemies of Hydro, Mr. Harris, but I am not putting you among these enemies today. You asked whether, if we changed the membership of the Commission, the municipalities could get efficient people to serve, and Mr. Ross has the same thing in his mind. Let me put the question: Would either Mr. Ross or yourself be less efficient as Hydro Commissioners if you were appointed by the municipalities than you would be if appointed by the Government of Ontario?

COMMISSIONER HARRIS: I do not think we would be.

MR.LYON: That is exactly the thing. I have said you can attract the best type of brains to public service by making positions like that honorable positions, positions to be desired. I do not see why a rich man should not serve the public just as well and as faithfully as do the directors of private companies.

COMMISSIONER HARRIS: I think they do.

MR.LYON: No, here is the President of the C.P.R. who, within three months, has said he does not believe the public can get as efficient service from anybody as a private company can, and that is exactly the thing that has stood in the way of Hydro all over this Province, that they do not believe people will serve the public as well as they will private interests.

COMMISSIONER HANEY: In my opinion it is the very reverse.

MR. LYON: Mine too.

TO THE CHAIRMAN:

Q. If you had two bodies, might not you get men on there who would not work together? You might have a conflict of interest and lessen the usefulness of your board. If you have one board and if one man would not work with the others, you could put him off. Might it not be difficult to get efficient service from a board such as you suggest?

A. Well, of course a stream never rises higher than its source.

Q. You have two sources there?

A. I am speaking of municipal sources; we have had some inefficient municipal governments in Ontario.

Q. I am speaking of the lack of harmony and their not working together; might it not be better to make them all municipal or all Governmental?

A. I do not think you ought to divorce the Government entirely from Hydro.

It cannot be done and it ought not to be done.

TO COMMISSIONER HARRIS:

Q. Of course it is a great deal more important to keep the Government in that situation than it is to give more power to the municipalities?

A. For at least ten years I have been urging the municipalities to get one representative on the Commission, but they have never succeeded.

Q. You would have to change this representative every year?

A. No, I think they ought to go in for a fixed term.

Q. You would put them in for some term?

A. One retiring in series, not both retiring together.

Q. Have one retire every four years? A. Either three years or five years.

Q. It takes a man five years to learn anything about this business; we have been at it for a year and we think we know something.

THE CHAIRMAN: Mr. Lyon does not think that even.

MR. LYON: Now, now.

COMMISSIONER HARRIS: It is the hugest enterprise that has ever been built up in Canada outside of the railways.

TO THE CHAIRMAN:

Q. Have you considered at all whether it would be well for the Commission to take charge of the radials as well as the power? A. I think the two things are very much interwoven.

Q. Do you think they are sufficiently interwoven to justify them being under one management? A. I think if you go into the roads on a large scale, they would use the power lines, and they ought not to be separated.

Q. What do you think about a member of the Government being a member of the Commission? A. I certainly think they should be.

Q. That means a continual change? A. Once in four years, I hope.

Q. Sometimes it is a good deal more than four years. It might mean one of the members would be relieved and a man quite antagonistic to Hydro would take his place?

A. I do hope that if the Government of Ontario continues to take an interest in Hydro, they will see to it that the member from the Government shall be a man who has

taken an interest.

Q. You cannot have a member of the Government unless he is the elected member of the Legislature, and sometimes men best qualified to manage a big undertaking like this are not elected? A. Out of 50 or 60 men, you ought to have one Minister without portfolio who could be the Hydro representative.

Q. As soon as he gets to understand it, off he goes and a new man comes in? A. That is one of the defects of popular Government

Q. I think that is a very important question as to whether representatives of the Government should be a member of the administration or whether he should be a man outside the administration? A. I would take the risk; I think he ought to be in touch with the Legislature.

COMMISSIONER J.A.ROSS: If you are running a private business and changing your managers every four years, you would have a chaotic condition?

A. I do not think the Government member ought to be Chairman of the Commission.

Q. Why not have the Government member Chairman?

A. He would have other interests; he would have the Legislature to attend to; he would have a lot of things to attend to.

TO THE CHAIRMAN:

Q. He might have arbitrations to attend to. There is something to be said in favor of providing for a Board which would not be exclusively of one political party?

A. I do not believe politics ought to have anything to do with it.

Q. It does? A. I hope it does not. I mean party politics.

Q. From 1906 to 1919 was not it a purely Conservative Board? A. Yes.

Q. Can you expect anything else from a party Government?

A. I am not looking to have all the members of the Board appointed by the Government; I am assuming that the municipalities will not appoint a man of one party, and the majority of the Board would be appointed by the municipalities.

Q. Politics might influence the municipal authorities?

A. Not so much.

Q. Politics run high sometimes in municipalities?

A. Not so much. The Government has to be one party but the municipalities would be divided between two.

Q. Would you have the Commissioners give all their time to the work?

A. I think so, except the Government member; it is getting too big for part-time men.

THE CHAIRMAN: Is there any other gentleman who would like to ask Mr. Lyon any question?

---No reply.

(Page 5120 follows).

SIR JOHN HENDRIE.

TO THE CHAIRMAN:

Q. Do you remember when Hydro was organized? A. Hydro was organized about 1906, that is when the Hydro Act was passed constituting the Commission.

Q. Were you a Member of that Commission? A. I was appointed after the next Act came into force. I have not my papers here, I left them at the Hydro Commission office when I left the Commission, but I think it was 1906.

Q. How long did you continue to be a member of that Commission? A. I continued to be a member until I was appointed Lieutenant-Governor of the Province.

Q. That would be in 1914? A. October 4th, 1914 but there were very few meetings from the end of the Session until the new Government was formed. We had an election, if you remember, early in 1914 and before that there was very little done and I do not think there were any meetings called after that until I left the Commission.

Q. Did you take any part in the discussions and agitations about Hydro which went on around the time the Commission was first appointed? A. No, not at that time.

Q. Did you afterwards? A. Yes.

Q. Were you called a Hydro or and Anti-Hydro man?

I don't know, I was a little lukewarm in the beginning.

I was appointed by Sir James Whitney on the Commission and when I accepted the appointment different bylaws came before the City of Hamilton and I naturally loyally supported the bylaws.

Q. You had some rather strenuous campaigns in Hamilton?

A. We have had a great many.

Q. You were on the side of Hydro? A. I was on the side of Hydro that campaign and it won, I was against Hydro in two campaigns and it lost.

Q. I suppose you have served longer on the Board than any Member, excepting Sir Adam Beck, you would be on the Board for about eight years? A. Yes, probably eight years.

Q. You would be familiar with the Hydro policy and its financial conditions? A. The Hydro policy at that time, yes.

Q. I suppose you have kept more or less in touch with the Hydro policy since then, what is your feeling about it?

A. Well, that is a leading question, could you be more definite, what do you mean by my feeling?

Q. Your opinion as a man who has been familiar with it for so many years and a member on the Board longer than anyone except the Chairman? A. At that time the Hydro

Commission had only built the transmission lines to Hamilton and partially to Windsor, it had made partial development, I think, somewhere near Orillia, Wasdell.

It started to make surveys for the Eugenia Falls but the general policy of acquiring power plants and development of large power plants at that time was not general.

Q. You really transmitted power? A. We transmitted power.

Q. You did not do any generating on your own account?

A. Except one or two small places.

Q. I think the Wasdell plant was built in 1914, that was your first one? A. That was the first one.

Q. You heard what Mr. Lyon said about financing of the Commission and his opinion as to how it should be financed in the future, what do you think, generally, about the financial condition and the financial policy of the Commission?

A. Well, speaking as a financial man, -I am connected with two or three financial institutions, -I cannot see that the municipalities alone would add to the value of the security. That is to say, that a bond issued by the municipalities and guaranteed by that municipality and again guaranteed by the Government, nothing is added to the value of that bond by reason of the municipalities being in connection with it. I do not think they would sell on the market for one-eighth of a cent more, probably they might sell for less, some municipal bonds would.

Q. When the Government is incurring such large obligations on behalf of the municipalities; it has been suggested that the municipalities should assume the direct obligation to a certain extent and that they should give a mortgage bond for interest to cover the full amount and give bonds for a portion of the amount? A. That is a financial theory that I do not agree with. We must go back to the first history of Hydro. It was tried in various ways and this solution was arrived at, a union of the municipalities, and that was done to give the municipalities power at different points at a certain contract price and that was only after getting the municipalities together that they were able to go on with construction. It could not be done in any other way unless the Government started and built a power line of their own from Toronto to Niagara Falls. At that time I did not think it would have been fair to the Province to do that as there might be jealousy in other parts of the Province. It was only a means to an end. The real financial part of it was the guarantee of the Ontario Government.

Q. We were told yesterday that the amount raised by these bonds is about \$160,000,000? A. I suppose the auditor could tell you that.

TO COMMISSIONER HARRIS:

Q. At that time it would have been impossible for the municipalities within themselves to have gone into the market and got the money to build even these transmission lines? A. No.

TO THE CHAIRMAN:

Q. Would it have been impossible? A. I think so.

TO COMMISSIONER HARRIS:

Q. It was looked upon as an experiment at that time?

A. I do not think any bylaw would have ever carried in Hamilton if they thought they would have to issue bonds for the amount of the expenditure for a line from Niagara Falls to Toronto and pay for the construction of their own lines within the City.

Q. That experimental period is over now? A. The water has gone over the dam.

Q. Hydro is an assured fact now? A. Yes.

Q. It has been stated by the Chairman of the Commission that he could get along now without any assistance from the Government in the way of ~~guaranteeing~~ ^{guaranteeing} the bonds?

A. Who said that?

Q. The Chairman of the Hydro, it has been reported in the Press that he made that statement, do you think that could be done? A. Well, we have had to do some very tall financing in Canada and we will have to do it in the future. Without a Government guarantee how would you arrive at it. He might make a statement of that sort but how is he going

to do it, the Government are already responsible for \$160,000,000 and they cannot get rid of that responsibility.

Q. Mr.Lyong suggested that the Government could take what has already been expended upon capital account and give a mortgage? A. Would that be honorable for the Province of Ontario, from a financial point of view, to these people who bought these securities.

Q. All the securities that have been issued up to the present time would be a first mortgage on the Hydro Electric development and as I understand him the responsibility for further development would be entirely assumed by the municipalities, I think what he had in mind was, although it was not very clearly expressed, that the Hydro Commission from now on would issue its own bonds, which not necessarily would be second mortgage bonds.

COMMISSIONER HANEY: No, I do not think he said that.

Q. Mr.Lyon suggested that the holders of the bonds should have a mortgage given by the municipalities and that they should deposit their own bonds to the extent of 25% of that account with the Government as security?

COMMISSIONER HARRIS: That was in connection with the development of the St.Lawrence but I could not follow him as to what he would do with the present bonds.

SIR JOHN HENDRIE: What about the underlying securities and the innocent holders of thos^e bonds. All the Townships between here and Niagara Falls have debts.
TO THE CHAIRMAN:

Q. I do not think it was suggested it would interfere with

these, it would be assuming further obligations?

A. For this purpose.

Q. Mr. Lyon says it is on such a satisfactory footing now that obligations would have very little affect, it would be very little risk? A. Well, I am trustee for some concerns and I do not think I would buy the security, if you ask my personal opinion, I do not think I would recommend anyone to buy a security of that sort.

Q. In a resolution passed by the Ontario Electric Association they suggest that in the future the entire financial burden should be carried by the municipalities; do you think it would be practical for the municipalities to carry on their future development without the assistance of the guarantee of the Province? A. No.

Q. Why should not they be able to carry the financing themselves, a private company would be able to do it, why should not the municipalities? A. A private company is an entity in itself and it is under private management under the Statutes of the Province or the Dominion.

Q. Could not the municipalities acting jointly be able to finance it if it is a sound undertaking? A. I do not see how they could jointly undertake it. The City Clerk of Hamilton is here and he can speak as to that. I do not think they would care to be obligated to pay for the small Townships in the Niagara Peninsula.

Q. You think there would be some reluctance on the part of the municipalities to assume this obligation?

A. Yes, I do not think it could ever be collected from the municipalities if they disputed it.

Q. You think if the municipalities become in default it would be difficult to collect? A. We have the old Drainage debt away back in the '50's for example which the Government has not collected yet, that was under the Municipal Drainage Act.

COMMISSIONER R.A.ROSS:

Q. Supposing we consider this on a business basis and we consider the Government as the banker? A. It is a banker, it has gone into the banking business now.

Q. Supposing you, as a business man, organized a company to carry on the business of the Hydro and you went to the bank and said, "We will pay off our mortgage on this property and re-finance it on a business basis, on the earnings that it makes and so on" If you issued security on the whole undertaking and on the revenue you could then pay off the Government as it needed money with your bonds and the bond-holders would have the security of

the property in the undertaking? A. If the liabilities of Hydro were purchased from the Government and they proceeded to organize a company to operate Hydro and pay for it by issuing bonds?

Q. Could not it be on some such basis as that? Treat it like a business proposition and eliminate all question of the Government and politics and get down to a straight business proposition. It is a going concern and no municipality would dare not to pay its bills under these conditions because that would involve shutting off their power and that is infinitely more of a security than actually levying on their property? A. I am afraid a private company would be in a very precarious position if

they tried to cut off power in any municipality. I would not care to have that bond as a security in my bank or as Trustee for other people, with these different liabilities. I think no municipalities would dare not to pay a private company.

Q. What more would a private company have to offer in the way of security to the bond-holders than Hydro would be able to offer to the same bond-holders, it would be identically the same? A. Do you mean these underlying bonds?

Q. Yes? A. That is a very theoretical~~ly~~ position. I have not heard it outlined or talked about before and I can only answer you generally.

Q. It looks to me like a business proposition and it might be handled in that way? A. Why put these things up as tin soldiers and knock them down, because the Government dare not sell the Hydro.

TO THE CHAIRMAN:

Q. The Municipal Association has asked that the Government allow them to take over the bonds and the Commission assuming all the financial obligations and we would like your opinion as to whether it is practical to do that?

A. Are you going to take in Eugenia Falls and Nipigon?

Q. Yes, everything? A. Well, I do not think the municipalities have any particular rights in the matter at the present time. The Government are responsible, and the Government would never dare to collect from any municipality in default.

Q. Supposing the municipality, by acting together could issue new bonds of a sufficient amount to pay off the bonds

that are outstanding or pay to the Government a sum equal to their advances, would there be any difficulty in that?

A. Of course it cannot be done, you cannot buy back these securities except by a very large expenditure.

Q. Perhaps it could be done as they mature? A. Some of them run for thirty or forty years.

COMMISSIONER R.A.ROSS: There would be no disturbance of the security of the Government. The Government from time to time requires money and it may have to raise thirty or forty million in any particular year, the municipalities might raise that money and hand it over to the Government and take in return Hydro bonds.

COMMISSIONER HARRIS: The difference in the interest charges would be very serious.

TO THE CHAIRMAN:

Q. What do you think about the proposal that hereafter all the Members of the Commission should be chosen by the Municipalities and the Government have no representative on the Board? A. I do not think the municipalities have anything to do with this. That was a means to an end. They came in for certain purposes and it was done in that way so as to get started and be able to build from Niagara to Toronto.

Q. As the bonds are paid off they acquire an interest in the plant and they have agreed to take power at a price that will provide this sinking fund every year?

A. That is not our experience in the City of Hamilton. We have had to contract very large loans to pay off the expenditures there.

Q. However you have paid them off? A. The City Solicitor will answer that.

Q. You don't look with favor on the suggestion that the municipalities should hereafter choose the Members of the Provincial Commission? A. The Government are responsible for this money and I might say as a general policy which I am very much opposed to, that during the last fifteen years we have been making municipalities and City Councils and the Provincial Parliament, more or less, tax collectors. You are taking all the powers of Government away from them. They are responsible for the money but we have got Commissions for this thing and the other thing. A Commission for the government of the Niagara Falls Park. We have a Hydro Commission, a Compensation Board, we have a dozen and one commissions and in the Cities we have Park Commissions, Public Utility Commissions and Hospital Commissions and School Boards and generally speaking the council of the City of Hamilton are merely tax collectors.

Q. The question is whether this Hydro Commission shall be chosen by the Government or by the municipalities?

A. By the Government.

Q. On the ground that the Government is responsible?

A...On the ground that the Government is responsible for the debt.

Q. Would you suggest any change in the relationship between the Commission and the Government as it now exists, do you think of any change that could be made to the public advantage? A. I do not think so. There is one change I think ought to be made, if it has not already been

1. You don't look with favor on the suggestion that
the Corporation should have a right to raise the rate
of the property tax. I am very much opposed to that. I think the
responsibility for this money and I might say for a certain
part of it which I am very much opposed to, that I think the
last fifteen years we have been making considerable
and City Councils and the Local Government, more
or less, tax collectors. You are taking all the power
of government away from them. They are responsible for
the money but we have got Commissioners for that thing.
The other thing, a Commission for the Government of
the City of London. We have a Hydro Com
Commission Board, we have a Board and the Commission
and in the City we have a Board of Commissioners, in the City
and in the City we have a Board of Commissioners and a Board of
and generally speaking the Council of the City of London
are very tax collectors.
2. The question is whether this Hydro Commission should
be chosen by the Government or by the Municipal Council
of the City.
3. On the ground that the Government is responsible for
the debt.
4. The Hydro Commission and the Board in the Corporation
are very much opposed to that. I think the
responsibility for this money and I might say for a certain
part of it which I am very much opposed to, that I think the
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are very tax collectors.

made, that the member of the Government on the Commission should pass his own estimates in the House for the Commission and these estimates should be in detail and passed the same as the estimates of the Minister of Public Works or the Minister of Education or the Minister of Agriculture passes his estimates.

Q. I think he does submit the estimates now, I think Col. Carmichael submits estimates to the Legislature. You think they should be given in greater detail than they are? A. They should be given like any other Minister's estimates are given.

Q. Why do you think that? A. I think there is more control over the expenditures of the country when they are dealt with in that way.

TO COMMISSIONER R.A. ROSS:

Q. There is one feature in this situation that has not been emphasized, the ~~idea~~ of the Government in this whole question is that they are the banker. They have \$160,000,000 worth of investment. On the other hand the municipalities possibly have as much as that invested that they own and that is entirely dependent on the general Hydro system. From that point of view, if you take it as a whole, the municipalities should have a look in on the situation from an operating standpoint because they might be cut off from obtaining power?

A. Yes.

TO COMMISSIONER HARRIS:

Q. While you were a member of the Commission you stated that the policy of the Hydro was simply to transmit power

from Niagara Falls to the various municipalities that came in under the agreement?

A. Yes.

Q. They were only interested in building transmission lines and financing them and the Act was amended from year to year? A. That is the original act, if I remember correctly.

Q. The agreement was made with the Ontario Power Company for the purchase of a large amount of power at a very low price, \$9.40? A. \$9.40.

Q. All the Commission had to do at that time was to take that power and deliver it to Hamilton and Brantford and the different municipalities that had come into the agreement. It was very easy at that time to determine the exact cost because they knew what they were paying for power and they knew the cost of the transmission lines?

A. Yes, and we knew what the sinking fund amounted to and what the pole lines cost and what the power houses and transformer houses cost and it was a mere matter of calculating the cost and we could tell very closely the cost of power at any point.

Q. That was a simple problem?

A. Yes.

Q. Then the time came when the policy was changed and Hydro decided that they would have to develop power?

A. Yes.

Q. You have had experience as an engineer and contractor?

A. I was an engineer for 15 or 20 years of my life and a contractor.

Q. You would have a very good knowledge of the construction of the lines? A. ~~Structural~~ Structural building or the mechanical part of electrical transmission and the building of power lines, we got tenders from makers of electrical machinery.

Q. Unfortunately you ceased to be a Commissioner before Hydro went into the construction of generating plants?

A. Yes, long before, because I think they acquired the Ontario Power Company after the war was started, 1916 I think.

Q. Your knowledge will not carry you to the point where all these big works were conceived and constructed?

A. No.

Q. You can not give us any help by giving an opinion on the Chippawa Development and the cost of it? A. Well, no, I could not. I officially saw what was supposed to be the original estimate of the Chippawa Development but I do not think at that time that they had any details and I do not think they had made any proper survey or any detailed estimate.

Q. I do not think it would be right for us to ask you to express your views on that because at that time you were acting in a different capacity? A. Quite right.

Q. Unless you have something that you would like to say to us I do not believe we have any other questions that we would like to ask you. We appreciate your coming here because you are one of the men who could give us a lot of information? A. I was brought up in a very conservative school.

N I A G A R A F A L L S.

ALD. W.L.WILKINSON.

In the first place I am not in favor of this resolution; I think the Government should continue to have control of this enterprise. I consulted with many people at Niagara Falls before I came over, to get their opinion, and they seemed to be of the same opinion as I was. I was just thinking this morning that if the municipalities had to elect Commissioners, the same confusion would exist that exists here, I enter the box and my opinion is different from the opinion of Mr. Lyons, and his opinion is different from that of other people. And there would be the same trouble if the municipalities tried to elect Commissioners. There is always more or less confusion in an election, and the majority wins out, there would have to be a majority of the municipalities.

Q. They would vote according to the H.P. they took?

A. I know. They would have votes according to the H.P. they used, and the larger municipalities could swamp the small ones, and they would not have any say at all.

What say would Niagara Falls have, when it came to H.P., or what say would Grimsby or St.Catharines have, Toronto would control it all.

Q. That is a matter that you would have to consider before you make the change?

A. Yes.

COMMR.HARRIS: You live right at the Falls and you should have no fear.

A. That is just the reason we have fear. We do not get many privileges by being at the Falls. Some of the municipalities that are one hundred or two hundred miles away get more favours from Hydro than we do. My opinion is

that it should be left in the hands of the Government. It is in the hands of the Government now, and there should be some person with control. I believe, like Sir John Hendrie, that the Minister who represents the Government should bring his estimates into the Government, and they should be passed like other estimates.

THE CHAIRMAN: The estimates are passed now, but the difficulty is that Hydro has used the money for different purposes than the purpose for which the moneys were voted.

A. That is abusing their privilege, and they should not be allowed to do it, that is my opinion.

Q. The estimates are not brought in in detail?

A. They should be.

Q. You think they should be in as much detail as if the Minister was bringing in estimates for his own Department?

A. Just the same.

Q. What do you think about the municipalities assuming the financial responsibility?

A. I do not think they should, I do not think they could without a great deal of confusion.

TO COMM. HARRIS:

Q. You do not mean they should not assume?

A. They have assumed it.

Q. They must continue to assume it.

A. Yes, but I do not think it should be taken out of the hands of the Government and the municipalities alone have the say in borrowing money and all that.

COMM. HANEY: You are referring now to capital expenditure?

A. I think it should be left as it is.

COMM. HARRIS: You do not think they are discriminating against Niagara Falls?

A. No, I do not say that at all, but we do not get any favours.

Q. You get more taxes?

A. I do not know that we do. We made what we thought was a fair arrangement with the Hydro in regard to taxes, and our taxes are down a little this year, and Hydro is not paying quite as much this year. If our rate comes down to 35 mills, Hydro will be paying the full taxes. Q. This question of Toronto is talked too much. Every town in the whole Province has the same ambition, and they want to locate industries in their town, and they want to be in a position to offer something but the question comes up in every one of these towns that they are discriminated against. For instance, Belleville has had quite a n awakening, and they have decided to develop. They really have not Hydro power, their power comes from Central Ontario, it is Government power. They think that they ought to be in a position so that they can compete and attract industries the same as Toronto. They say Toronto is getting the big benefit and they are helping to pay for it. I was in hopes that Mr. Lyon would develop along that line and tell us what he thought about a fixed rate.

THE CHAIRMAN: I think he did.

COMMR. HARRIS: He did not tell us we should have a fixed rate all over the province.

THE WITNESS: No, I do not think so either.

Q. Why not?

A. It costs more to send power to Brantford from Niagara Falls, and it does not cost anything at all for transmission of power to Niagara Falls, we get it right hot, and we distribute it ourselves.

Q. In the first instance, when this thing was being discussed by the municipalities, Brantford, Galt, and Kitchener thought they should have the power first. Mr.

Detweiler and Mr. Schneider saw that by doing this Niagara power could be distributed to these different towns, at a fixed price to all of them?

A. We got power from the Ontario Power Company for \$10 a H.P. We had an agreement with the Ontario Power Company, but then we did not get \$80,000 a year in taxes from them.

Q. That was a private enterprise?

A. Yes, and we had cheaper power than we are getting now, but we gave them exemption from taxation.

Q. You got cheaper power from a private enterprise than you are getting through public ownership?

A. Yes, we did, but we are getting \$80,000 a year now from the same plant that was exempt from taxation practically.

I would say off the reel that I am opposed to a fixed rate. I think it is a ridiculous idea in the first place, to think that we should give people in Goderich or Windsor power at the same price as Niagara Falls, or Hamilton or Brantford.

Q. This is a publicly owned enterprise?

A. Each municipality must pay the cost, Niagara Falls has to pay part of the cost and Windsor has to pay part of the cost.

COMMR. J.A. ROSS: The water powers of this Province are an asset of the Province. Why should not the assets of the province be distributed equitably and equally among all the people of the province,

A. The Lord has not done that. He has not put Niagara Falls at everybody's door the same as it is at the Falls.

Q. Still Niagara Falls is an asset of every citizen of this Province.

A. Mr. Ross, you might just as well say that the pines and pulp wood away up north are assets of this country, and that we at Niagara Falls should get that wood just as cheap as they get it up in the northern woods, or that the railway

should carry coal from Alberta to Niagara Falls at the same freight rate as they charge the people in Alberta.

THE CHAIRMAN: My own impression was that power was delivered at Niagara Falls to every one at the same price, and that the additional cost was for carrying it from Niagara Falls?

A. Yes they can all buy it for the same price at Niagara Falls.

Q. Each municipality gets power at the same price at Niagara Falls?

A. Yes, and they have to carry it to their destination.

H A M I L T O N .

S. H. KENT, CITY CLERK.

F. R. WADDALL, ESQ., K.C.
City Solicitor.

MR. KENT: Q. I am appearing here as a private citizen, I am not instructed by the City Council.

THE CHAIRMAN: Perhaps Mr. Waddell is appearing as a representative of the municipality?

MR. WADDALL: No, our Council have not had an opportunity of considering this question.

Q. As you are here in a private capacity, perhaps you had better speak in that way, and we won't hold the municipality responsible for your views. What have you to say, Mr. Kent, about the suggestion of the Ontario Electrical Association that hereafter the members of the Commission shall be chosen by the municipalities, and that the whole municipal burden shall be borne by them?

MR. KENT: I think it would be a very great mistake. I have no hesitation in saying that.

Q. For what reason, the appointment of Commissioners, for instance?

A. I think the Commission having charge of the Hydro matters of the Province should be the strongest Commission possible to obtain. I do not look upon elective representatives as always the best men to fill the particular position they may seek. I do not understand the method of election, or how it would work out, or what plan they propose to adopt. If it is to be in groups of municipalities, one group representing the Niagara Peninsula, would these groups get together and elect a member?

Q. There has been no definite scheme formulated?

A. No.

Q. Generally speaking, they say they favour the principle that each municipality should have a vote, and the larger municipalities, or larger consumers, of power, should have a much larger proportion of votes than the smaller ones.

A. Does that mean to elect a permanent member on the Board?

Q. All the members of the Board?

A. That is they would vote according to their stock, for some representative of the municipalities.

Q. All the municipalities should vote together, and each municipality should have a certain number of votes?

A. I have no hesitation in saying that I do not think that is a means by which you could get the best men for the position.

Q. You think it is very important to get the best men?

A. I certainly do, the best the country afford.^s

Q. Would you make any change in the method of choosing them. At the present time a Member of the Government must be one of the Commissioners?

A. If a member appointed by the Government is a man well qualified for the position I would say perhaps you could not adopt a better principle, but if the appointment is from

political or other purpose rather than ability, I would say it was a weakness. Whatever plan can be adopted to appoint men best qualified for that very important position should be applied.

Q. You think fitness should really be the test?

A. Absolutely, I think it should be the first requisite qualification. It has got to be a big thing, and it is going to be larger every year. It started out in a small way, but it has grown to such tremendous proportions, it requires the best men we can get.

THE CHAIRMAN: Do you agree with that Mr. Waddell?

MR. WADDELL: I do.

COMR. HARRIS: It is the biggest thing we have in the country.

MR. KANT: Yes and it is going to be larger.

TO THE CHAIRMAN: What about financial responsibility?

A. As you stated, the proposition for the radial railways was that the municipalities should put up the bonds, not for the actual cost of the work, but merely to ensure against a deficit in operation.

Q. I think the bonds they put up were equal to the estimated capital cost, and they might be sold in case a deficit arose?

A. And for that purpose only.

Q. Mr. Lyon suggested that bonds should be put up to the extent of 25 percent of the actual cost?

A. We have an agreement with the Hydro Electric Commission running for thirty years, and that agreement provides for a certain amount of money to come in to retire the debenture debt within thirty years, at which time the property becomes the property of the municipality. I suppose these would have to be in groups, and terminate approximately on the same date. I do not know of any better

plan than the present plan of financing this development. I do not think the Government need fear that they are going to be stuck for any large amount of money, if they all work out as well as the present plan is working out in the Niagara group. Money is easily gotten by good securities and high rates are not charged. I think it would embarrass the municipalities very much in their borrowings unless legislation were passed that these bonds should not be considered as a debt against the municipalities.

Q. Of course that might be done.

A. That might be done, and then it would not interfere with our financial standing. Of course the municipalities would be liable notwithstanding that. It should be fixed so that it would not interfere with our ability to borrow.

Q. It would increase your obligation to issue bonds?

A. Yes, in the same way as the Hydro Radials.

Q. Is there anything that you would like to say about that Mr. Waddell?

MR. WADDELL: I have nothing further to add. I think the appointment of the Commission as at present should remain as it is. I think it would be a great mistake if you were to add two other Commissioners to the Commission to be elected by the municipalities, because the municipalities would all have different interests. Niagara Falls expects power cheaper than Hamilton, Hamilton cheaper than Toronto, and men from these places could not help but be partizan, and look after the districts that elected them. I think, as Mr. Kent has said, it should be left entirely with the Government to appoint good and efficient men as Commissioners who would not be interested in any municipality.

COMMR. HANLEY: Should they be full time men?

A. They certainly should give whatever times is necessary.

Q. Do you think they should be full time men and attend practically every day?

A. I would not like to go into the matter in detail in that way, but they should give all the time that is necessary. In regard to the financial end of it, I do not think it can be improved upon. I agree with Sir John Hendrie, If we had debentures to sell Hamilton would be all right and there would be no difficulty, but the smaller municipalities would have difficulty in selling their debentures, and there would be difficulty in arriving at the amount they should pay. Hydro has already issued debentures to the extent of \$125,000,000. What is to become of these debentures? Some of them won't be due for twenty or thirty years. These debentures cannot be called in.

Q. It has been stated here that the municipalities who do not use any power should not be called upon to guarantee bonds for the erection of plants in other municipalities. Each year an amount is being set aside for sinking fund, and that makes the Province perfectly secure in that respect, and there is no risk whatever to the province. In regard to the million people who do not get power, they can get power if they want to pay the money for the transmission lines.

TO COMMR. HARRIS: I understood Sir John Hendrie to say that the local Hydro system in Hamilton has had to borrow heavily?

A. We have a very handsome building there, on King Street.

Q. The system itself has paid?

A. Sure, that is the money that we took out of our depreciation reserve - \$750,000.

Q. \$ 750,000? A. Yes, I believe that is the amount.

Q. Did you put that into the building?

A. I do not know the exact amount. I think it was \$250,000, and the rest was for extension of the system.

Q. You had money in hand to put up this building?

A. Unfortunately, they had spent their depreciation reserve in extensions, but we issued debentures for the full amount and returned our depreciation reserve.

Q. It is a pretty bad thing for a municipality to make any money?

A. Not if they spend it properly.

COMMR.R.A.ROSS: Q. In railway financing you put up bonds for the railway, but these bonds are only put in escrow to be held in case of a deficit; they could not be considered as bonds issued, and therefore would not affect your borrowing powers ?

A. You are speaking now about \$6,400,000 Hydro Radial bonds;

I don't know whether the Commissioners desire to go into that. We expect our bonds returned in a couple of days.

Q. These bonds are not issued?

A. No, we issue debentures and the Commission issue their bonds guaranteed by the Government.

Q. And they would hold your bonds merely in escrow?

A. They hold our bonds not for the construction of the Radials merely but for any deficit there might be in operation.

Q. So that they could not in any sense be considered as being issued bonds?

A. They surely are.

Q. They are not sold to the public?

A. I do not know, we issued \$6,470,000 worth of debentures in \$1000 debentures; I don't know what that was for; that was in case there was a loss in operation.

Q. They keep these in escrow?

A. Yes.

Q. You do not pay any interest on them?

A. No, they are coupon bonds, they would cut off a coupon and sell it in case of a deficit. If the railway had been constructed, and there had been a deficit in any year they would sell a debenture to make up that deficit and then we would have to start and pay.

Q. It is only then that you would have issued securities?

A. No, they are issued already.

Q. They are not in the hands of the public, and you do not have to pay interest?

A. Not unless there is a deficit; they are in the hands of the Hydro Power Commission of Ontario to sell in case of a loss in operation.

Q. A contingent liability?

A. Yes.

TO THE CHAIRMAN: I suppose there is a distinction between that and ordinary bonds?

A. Yes.

Q. The time won't arrive to sell these until a deficit arises?

A. No.

Q. If there is a deficit of \$500,000 a year, your bonds would be put on the market to cover your proportion?

A. Yes.

Q. Then if there was a deficit the next year they would have to be sold in the same way?

A. Yes.

Q. It might go on until they were all sold?

A. Yes.

Q. It might be that the road would pay from the first and they would not be sold at all?

A. Exactly.

Q. The fact that you have \$6,000,000 of debentures deposited with the Commission to be sold, does that affect your borrowing powers?

A. I think the bond Solicitors understand the situation and do not look upon them as a charge against our assets at the present time. But it won't help us any. The statute says they shall not be considered a debt of the municipalities.

Q. If a broker were issuing a statement of your indebtedness, he would have to include them?

COMMR.R.A.ROSS: They might never realize on these bonds.

A. We look on it differently. We say the operation of the Hydro Radial Act of 1922 makes it a debt against the municipality and the people defeated it.

MR. KINT: I think you would have great difficulty in getting Hamilton to vote a \$6,000,000 guarantee for Hydro Radials. I do not think the city of Hamilton would put up another \$6,000,000 in bonds for anything.

COMMR.HARRIS: Did I understand you to say you will get these bonds back tomorrow?

MR. JADDELL: We expect them back in a very short time.

THE CHAIRMAN: Sir Adam Beck told us that there is an outstanding liability in respect of that road from Port Credit to St.Catharines of \$1,100,000, and that they might have to sell your bonds to a certain extent to make that amount up?

A. I cannot understand that. We were lead to believe that our debentures were merely for losses in operation; I do not see how they can be. Sir Adam might explain that.

COMMR.HARRIS: \$1,200,000 has been spent on these Hydro lines between Pt.Credit and St.Catharines?

A. We understand that if the lands were sold they would realize as much as was paid for them.

Q. A lot of this money went for other purposes than right of way, some of it went for the purchase of ties, and engineering services, and so on. They purchased ties and they are lying around some place in the country.

TO THE CHAIRMAN: Your bonds are also security for interest?

A. The interest would be part of the operating expenses.

Q. Interest sometimes begins to run before operation begins?

A. Yes.

Q. The \$1,200,000 was taken from Hydro funds and spent on Hydro Radials?

A. That is a matter for the province to arrange with the Commission.

Q. Any bonds you put up were for that purpose?

A. No our debentures were merely to guarantee losses in operation.

Q. That was part of the money that was spent in connection with the building of this railway and purchasing the right of way, and ties have been bought, and engineering services have been incurred.

MR. WADDELL: They will look to the Ontario Government for the money and not to the municipalities. We gave these debentures to cover any losses in operation.

THE CHAIRMAN: I think the responsibility for that has not been fixed yet by any one.

MR. WADDELL: If the municipalities should be held responsible for any part of the cost of the right of way, the municipalities are perfectly good for it, and these debentures should be returned because they were not given for that purpose.

THE CHAIRMAN: That is not a subject for us to pass on.

ADJOURNED AT 1 P.M. until 2:30 P.M.

26th APRIL, 1923,

CONTINUED AT 2:30 P.M.

TOWNSHIP SEYMOUR.

GEORGE VAN VOLKENBURG.

TO THE CHAIRMAN: Q. Do you represent the Twp. of Seymour?

A. Yes, Sir.

Q. What have you to say about these questions?

A. This matter was discussed in Council for sometime the other day, and in consequence of that I am here to represent the Township. With regard to Government control, we are perfectly satisfied that is the proper thing to do, that is to leave it in the hands of the Government; that is the appointment of the Commissioners as it is now. It was stated here that the Commission might be added to. If it were possible to get Commissioners who would get in touch with local troubles and bring them more directly before the Commission, it seems to me that would be getting away with considerable trouble.

Q. You feel that they are not as closely in touch as they should be with local conditions?

A. That is the idea. As to giving that Commissioner a vote on the Commission, I do not think that would work out very well.

COMMR. HANLEY: He would be a sort of a side judge?

A. Yes, that would be the idea.

TO COMMR. HARRIS: Have you had any trouble in your locality?

A. Nothing very particularly, because as far as the Township is concerned, there is very little power distributed in it, it is rural entirely.

Q. You were not on the Hydro system, you were on the Central Ontario?

A. Central Ontario, it is all Hydro.

Q. Operated by Hydro and owned by the Government?

A. Yes. We lost some taxes and we changed, and that is the worst feature, we lost \$2000 in taxes by the change.

Q. Healey Falls is in your Township?

A. Just about the centre. As far as the financial responsibility is concerned, we thought it should be borne by the Government, as it is at the present time.

Q. All the way through?

A. Yes, to the same extent at least.

Q. Yours is borne by the Government?

A. Yes. There is one little matter with regard to rural lines. The Government now pay fifty percent of the cost. It seems to me that there should be some change in that system, so that it would be much easier to get subscribers. We asked for Hydro in our Township and we made a partial canvass, and we ran up against this trouble; a farmer owning 100 acres of land has got to take at least 3 H.P., he cannot take less. If he has 50 acres of land, he gets off with 1 or 2 H.P. Then they have the hamlet system and they can just take lighting. We find it very difficult to get the farmers to agree to take 3 H.P.

Q. How much would it cost the farmer?

A. About \$87 a year.

Q. Per H.P.?

A. No, for the 3 H.P., and then there is the installation and the machinery.

Q. If he did not take this H.P. would not you have to make it up in other ways?

A. Yes, but they won't let him take anything less.

Q. The less amount you take the greater the deficit would be.

A. If it was all a lighting system, I suppose it would amount to the same thing, but we would be able to get more people to go into it.

Q. Is the H.P. fixed by the total acreage of the farm or by the cultivated land?

A. By the land owned.

Q. You would do away with the restriction altogether so that any farmer could get just what he wanted and he would not be required to take 3 H.P?

A. Yes, we think that would work out best for all over the country, that is the local idea.

THE CHAIRMAN: What is the objection to that, Mr. Jeffrey?

MR. JEFFREY: It is just as broad as it is long. If we have the hamlet rate all over then we will have to raise the cost of hamlet service. The greatest part of the charge is the service charge. If we gave lighting only to the farmer we can only get three farmers on an average to a mile, and it makes very expensive lighting. If anybody can show us a better scheme than the one we have now, we would like to know it.

Q. I think the remedy is to get more farmers on the line.

MR. JEFFREY: I think so, we cannot get enough.

COMMR. HARRIS: The more farmers you get the more money you lose.

MR. JEFFREY: Yes, that is what I think with the hamlet rate.

COMMR. HARRIS: It could not be made possible except at an exorbitant price.

THE WITNESS: Unless the Government would put up the lines.

COMMR. HANLEY: Somebody has got to bear the burden then.

THE CHAIRMAN: What would you think of levying a tax on the consumer in the city and spend that money in building lines in the rural districts?

A. That would be very nice, but the city man would not stand for that. There is another little matter, there is a line built from Healey Falls to Peterbor. Whether the Commission had the right to go on people's lands and do as they liked or not, I do not know, but they did it.

Q. Do you mean they went on a farmer's land without paying anything for the right of way?

A. Yes, and they have not paid for it yet, and it caused considerable annoyance.

Q. Did they claim to have the right to go on?

A. They claimed to have the right and they acted on the right. I know of one case close to my land where the gates were locked and they lifted it off the hinges and turned it right around.

COMMR.HANLEY: Did the farm or have a gun?

A. Yes, I guess he had. It may not be right to hold up the line but it does not look like British fair play for the Commission to do what they did if they have not the right to do it.

THE CHAIRMAN: Were you responsible for that act, Mr. Jeffrey?

MR.JEFFREY: No, the Commission have a right to build lines, if they had not they would not build many lines.

Q. They have the right to go on and build lines before they acquire the right of way?

MR. JEFFREY: Yes, I think they have.

Q. They are supposed to pay for the right of way sometime?

A. Yes, if they cannot make an amicable settlement it has to be settled by arbitration.

Q. Was it on your farm that they went without permission?

A. No, my father's.

Q. What is the difficulty, did they refuse to pay him anything. A. In fact there are three farmers there who have not

been settled with.

Q. Is it a question of whether they are paying enough or not?

A. Yes, that is the question.

Q. I suppose the amount is small and it is hardly worth having an arbitration over?

A. About \$7 a pole is the most they pay.

Q. \$ 7.00 a year?

A. No, \$7.00 for thirty years. It would amount at most to \$28.00, because in crossing a farm it means about four poles, on my father's farm there are four poles where the line turns.

Q. Have they got the right to go on the farm and make repairs in the event of repairs being necessary?

A. I think they have. I know there is a man goes down the line about once a month. They claim a right of way of about forty feet if they wish to drive a team up.

It seems to me there should be some change in the law so that the right of way would have to be settled for.

Q. Do you mean they should buy the right of way out and out?

A. Not necessarily, but there should be some settlement for the right of way before the property is used?

Q. How long is it since this was commenced?

A. Two years, I think.

MR. JEFFERY: We have a Right of Way Department, and I think we have some very good men on it. It is very difficult to get some men to come to a settlement. It is almost impossible to settle with some men. They ask prices that are out of reason. I don't know whether this is a case of that kind or not, but there must be some particular reason why these settlements are held up.

THE CHAIRMAN: \$7 a pole does seem to be very small and three poles on a farm. That would be only \$21 a year?

A. \$7 a pole for thirty years, and then they can drive through there and walk through when the crops are in.

COMMR.R.A.ROSS: That is only for pole placement, it would be different if they bought the right of way.

THE WITNESS: I understand the farmer has to sign an agreement that they have the right to go over forty feet.

THE CHAIRMAN: I understand these agreements are registered some times against the property, and it is very injurious to the title and difficult to sell the farm.

THE WITNESS: I understand in one case they asked for arbitrators and they have not been appointed.

Q. What is the name of these parties?

A. One man's name is Thompson, another Flynn and another Lynch.

Q. You might let us have a form of the agreement you use with the farmers?

MR. JEFFREY: I will.

COMMR.HARRIS: Do these agreements give you the right to drive across fields and destroy crops?

MR.J.JEFFREY: I do not think it does, I suppose they would have the right to drive in, but it is not often necessary.

AMHERSTBURG.

MAYOR: DR. W. F. PARKS.

TO THE CHAIRMAN: Q. You are Mayor of Amherstburg?

A. Yes.

.. Have you considered the matter that is before us, that is the question as to whether the municipalities should hereafter appoint the members of the Commission and take the financial responsibility?

A. Yes, I have some thoughts on it but I do not know whether

they are new thoughts or not. We are interested both in the railway and in the lighting and power question. As partners in the S.W. & A. Railway we are interested in the question that came up this morning as to the guaranteed bonds which the municipalities issued as a guarantee against loss in operation. The municipalities put up bonds to guarantee against loss in operation. The question arises in my mind as to the effect these bonds have upon the general sale of bonds as far as the municipalities are concerned. I feel that they do affect the sale of the general bonds as far as the municipalities are concerned, particularly small municipalities. As far as the constitution of the Commission is concerned I feel that the small Commission is the better. Personally I think that three men would be better than five. I feel that the Chairman of the Commission should have rather a long term for the purpose of continuity of service.

Q. You would have one man Chairman all the time?

A. No, I feel that the term of six to nine years would be better than a shorter term. It is a very technical question as I understand it, and it seems to me that a man who is not there for some length of time cannot do constructive work for the province. I feel that continuity of service should be, to some extent, contingent, irrespective of Government, and that the question is so large a question that it should be as much as possible out of politics.

Q. In place of having them removable at the pleasure of the Government, you would appoint them for a fixed term?

A. I would, if he was a man of tried ability.

Q. You would have to leave that to the Government?

A. Yes, that is true; the other members I think might alternate terms of three or four or five years, and all the appointees I feel should be capable of re-appointment if their services were all that was desired.

Q. That is the way a great many Commissions are appointed. You would have a member of the Government still continue as a member of the Commission?

A. I feel there should be closer co-operation between the Commission and the Government. If the Commission is wholly outside the Government there should be some closer method of co-operation.

Q. Has any method suggested itself to you?

A. I do not see how it could be done unless some special legislation was passed making the Chairman practically a Minister, and I believe that would be unconstitutional.

Q. Sir James Whitney proposed to make it a Department of the Government, with a Minister at the head of it?

A. That is the only method that I can see could be followed.

Q. Do you think that would be desirable? If you have a member of the Government he would go out with the Government?

A. That is one of the difficulties, and the Government's term might be altogether too short.

Q. Or too long?

A. Yes. I do not feel that anything should be done that would in any way prejudice the present position of Hydro. It is too valuable a thing to the province, and in years to come it must certainly mean a great deal for the province.

Q. I am sure we are all impressed with that and with the great importance of putting it on the most efficient basis? There is the question that came up this morning as to the security which the farmers must put up. With my way of thinking, Hydro operating at its highest efficiency, it must mean that the manufacturer's cost

of manufacturing goods will be much less in the Province of Ontario in years to come which will more than recoup the farmer for any security he may put up.

Q. You think cheaper power would make lower prices?

A. Lower prices, as far as the farmer concerned, for the products he may buy which are manufactured in the city, so that the farmer, to my notion, is reaping some benefit.

Q. In speaking of closer co-operation, have you ever considered whether the Government should have a man somewhat in the position of a Controller who would see that all the moneys were applied for the purposes for which they were given?

A. Most assuredly so; there needs to be a little closer over-sight, As far as legislation is concerned with reference to Hydro there are some things that have occurred, for instance the Bill that has been presented to the various municipalities with reference to the Hydro Radial. There are one or two clauses in it which, to my mind, should not be there.

Q. Is that the Bill authorizing further capital expenditure? A. Yes.

Q. Are you referring to the Sandwich, Windsor and Amherstburg Ry? A. I am referring to the By-law which was submitted to the people entering into partnership in the Radial, in the subsequent By-laws there is the same clause. I feel that the people should be sovereign in the matter of the expenditure of their money or the issuing of debentures. It leaves it up to the Municipal Councils to pass such additional moneys for capital expenditure if the railway requires it, without submitting it to the people.

Q. That is what you have done in your case?

A. Yes, and it seems to me that is a power which belongs to the people of the municipalities, and it should not be taken away from them by any special legislation.

Q. Supposing a by-law was submitted to the Councils authorizing additional capital expenditure, and a half a dozen of your municipalities voted for it and three of them voted against it? Would not the three cases stop the expenditure?

A. No, the majority of the municipalities would rule. It seems to me where debentures are issued and are liable to be sold, the question should be submitted to the people just the same as other money by-laws.

TO COMMR. HANLEY: Should the majority of the municipalities rule?

A. If a number of municipalities enter into a partnership of that kind, most assuredly it should be continued on a majority footing like a joint stock company.

There is another point with reference to the sale of bonds. This morning there was some discussion as to the municipalities putting up bonds as security for additional work. It seems to me that would work a hardship on some municipalities, some municipalities could not sell their bonds as favorably as others.

Q. I think the suggestion was they should not be sold but put up as security with the Commission?

A. In the event of loss they are sold.

COMMR. HARRIS: In your case the first proposal was to take over that railway system and they gave you an estimate of what they would spend?

A. Yes, \$2,049,000. Then they came back with an additional by-law authorizing a capital expenditure of about \$900,000

to rehabilitate the road. It was in a very run-down condition.

Q. Was that a recent by-law?

A. That was about two years ago. There is another recent By-law coming up now, amounting to about \$1,000,000, for equipment, making the total amount of money tied up in the road about \$4,000,000.

Q. What did you understand when the first by-law was placed before you, that the total cost would be \$2,049,000?

A. That was the money that was necessary to get rid of the private corporation, to acquire the property.

Q. You knew then that you had to sell another \$900,000?

A. Most assuredly, we knew we had to spend more money, as to what amount we did not know, but we knew we would have to spend more money, because the road was in a run-down condition.

Q. Did you know you would have to expend this extra million they are now asking you for?

A. No.

Q. I suppose that was a matter that you were asked to decide on?

A. We have been asked to decide on that and practically a number of the municipalities have fallen in line.

Q. Were you able to do that through the Council?

A. Yes, the Council only. It did not have to be submitted to the people, and that looks to me like a responsibility most Councils do not wish to undertake.

Q. You must have gone into it with your eyes wide open?

A. They did and they did not.

TO COMMR. HANEY: Did you have an estimate submitted to your Council showing where this money was to be expended in detail?

A. Yes. I do not think anybody regrets buying the road,

we are getting a much better service, nearly double the service we had before and I think with the additional moneys asked at the present time we will get additional service.

Q. Is it paying now?

A. I think the road is practically paying its way. As far as I know it is merely breaking even.

Q. If it does not pay the municipalities are responsible?

A. Responsible for the deficit in proportion to the services rendered to each municipality.

Q. That would naturally affect your own credit?

A. I cannot see how it is otherwise; the bond houses know the municipalities all along the border, and the border cities have issued \$3,000,000 worth of bonds, and I cannot see but what it does have an effect on the sale of their bonds in the open market.

Q. Now you are going to issue another million?

A. Yes. Personally, I do not believe we are getting the price we would get for our bonds if these bonds were not in a safe some place.

Q. Have you any reason to think that if these applications for money had been submitted to the ratepayers as in the case of ordinary money by-laws, that they would not have been carried?

A. Yes, I think it is pretty clear in some cases, they may not have carried.

Q. Did all the Councils vote for it?

A. I understand all but one-Sandwich West, had not passed the by-law up to last night.

Q. All you require is five out of the nine?

A. Yes.

Q. Is there anything further that you would wish to say?

A. No, I feel that the Government should continue as it has in the past. I do not see how you can change the method of handling the whole Hydro question to better advantage for the province, as a whole, because there are benefits that are accruing. Since the Hydro Radial has come down our way, practically all the farmers along the Hydro Radial are able to get light for a matter of eleven or twelve miles out of Windsor. They are able to transfer power from the Street Railway lines for the farmers, and I do not hear any complaints from any of them as to the charges, so that it must be giving satisfaction. As far as Hydro is concerned, it has certainly rendered benefits as far as our municipality is concerned.

Q. The railway makes a certain revenue from a certain commodity that is not looked on with favor?

A. I am afraid they are looked upon with considerable favor, otherwise the Railway Company would not be reaping the benefit.

Q. All the municipalities, I believe, passed resolution favoring the traffic?

A. Yes.

MR. J. DUNN: It might be interesting for you to know that one of these gentlemen paid \$1,500 for his farm and he wanted \$1200 for the right to put five poles up. We have offered him \$600 and he won't take it.

THE CHAIRMAN: Real estate has gone up in his locality.

JOHN
MR. GALBRAITH.

TWP. OF YORK.

Q. I may say in the beginning that when we got an invitation to attend here to speak on these resolutions, we had not time to decide what action should be taken, but Mr.

McCarthy and myself to appear before the Commission, and they left the matter in our hands.

Q. They gave you a free hand?

A. Yes.

Q. What have you to say about the question as to whether the municipalities should appoint the members of the Commission?

A. I have my own idea as to how the Commission should be placed. I think it should be composed of three men. One should be appointed by the Government, and he should be a man of financial ability. The second should be appointed by the municipalities, and the third man should be a capable scientific man who was brought up in the Hydro Commission. He should be a man who understands the Commission from the bottom to the top. These three men should form the Commission. If a man was taken out of the Hydro Commission to make the third Commissioner, it would give a young man who went into the Commission and took a position encouragement, because at some future day he might be one of the Commissioners. I think a knowledge of Hydro power, and a scientific knowledge of it can only be gained in the Commission itself, and by going up through it. While it would be all right for one of the Commissioners to be from the municipalities, that man, in my opinion, should be a man who would travel around and find out what was required for certain communities and bring that information into the Commission.

TO COMMISSIONER HARRIS: How would you have him appointed?

A. I think possibly he would be better selected by the one who was appointed by the Government and the man who was appointed by the municipalities. These two could select one man out of the Commission.

Q. You would let the two choose the third?

A. Yes.

TO COMR. HARRIS: It would be impossible to have him selected by the municipalities.

A. It would be possible, but it is not likely that he would be.

Q. It would create a chaotic condition because he would not be known by all the municipalities?

A. No, but still he would have a better knowledge than an outsider.

Q. I am referring to the man who would be appointed by the municipalities as their representative?

A. There would be a great deal of difficulty there because it would depend whether the municipalities had one vote each, or whether their votes were governed by the H.P. they took.

Q. In that case Toronto would overwhelm all the others?

A. Yes, one or two communities would elect their man always, and that would cause trouble in the smaller communities.

Q. What about financial responsibility?

A. To me it appears that Hydro is such a public institution and the life of Ontario at the present time, and it is such an important institution that I think at the present time we are hardly in a position to make any serious change. I think the Government had better be behind Hydro in its financial condition. I can hardly see where the municipalities have the power, or would be able to undertake the power to finance Hydro at the present time. I think it is better to have it remain as it is.

Q. Is there anything further? A. No, I think not. I think the Government should cash the bonds of certain

municipalities, when they want to extend Hydro, especially small municipalities,

TO COMR. HARRIS: Do you mean by that last statement that you think the Government should go further than it is going at the present time, and not only guarantee the bonds required to be issued for the construction of transmission lines and development of power, but also guarantee the bonds of the local Commission for the distribution in these municipalities?

A. If the small municipalities were not able to do it, I would go that far.

Q. That is going a further step than they have ever gone before. The Government does not guarantee the bonds of the local systems?

A. No, the municipalities have to do that and borrow the money on their own credit.

Q. It is the same as water works. The Government does not guarantee their bonds?

A. No.

Q. I am referring now to the distribution system within the municipality?

A. Yes.

Q. You would not go so far as to say they should guarantee these bonds? A. No. I feel I have to thank the Commission and the Chairman for the fairness with which they have dealt with this question all the way through.

HUGH BLAIN

TO THE CHAIRMAN: Q. You have heard the questions that have been dealt with as to how the Ontario Hydro Commission should be constituted and also by whom the financial responsibility should be borne. Have you considered that

question yourself?

A. Well, yes to some extent. I would not like to put myself up as an expert.

Q. We always suspect experts.

A. I do not see how the present system of the Government appointing the Commission could be improved upon, certainly not by the plan that has been proposed in substitution.

Q. Would you view with favour the suggestion that the municipalities should appoint the members?

A. No.

Q. What suggestion would you make as to that?

A. It strikes me that the Government appointing the Commission in the way they are doing it today, eliminates or prevents a great deal of local jealousy.

Q. Log-rolling?

A. That sort of thing, yes. Elections are not good things for purposes of this kind, in my experience. I think a commission appointed by the Government would be more stable. I should not say stable, perhaps, but would be more important, if not dignified, than that appointed by the municipalities. I also think the Government, occupying the position they do, would make a better selection for the Commission than the municipalities would be able to make. I am also inclined to think that the present system afford a practically more easy and efficient manner of supervising or disciplining the Commission, which I consider to be an exceedingly important feature.

Q. Disciplining?

A. Well, sometimes. I must say that Mr. Drury appears to be the only man we have ever had as Premier who has had back-bone or courage to supervise, or practically dis-

cipline and I am prepared to give him a great deal of credit for the position he has taken.

Q. Have you considered the Government's position as being primarily responsible for the bonds, as to whether owing to its responsibility it should have the appointment of the Commission in its own hands, would that have any weight?

A. Yes, I think so. There is the question of the Government having to furnish the Hydro Commission with funds and they are primarily responsible for the finances. It is true they are to be re-imbursed by the municipalities, but the Government has got to handle the money and they are fully responsible, and they should take all the necessary precautions to see that they are properly protected.

Q. It has been suggested to us by some that it is the duty of the Government to raise the money whenever the Commission ask for it, and that they should not have much to say about the manner in which that money is to be used.

A. It is the duty of the Government to raise money and do a great many things, but we would not like to see any outside power transact that business, except the Government, who are responsible to the people, and the Government is responsible to the whole people. The Hydro municipalities are part of the people and I see no reason why their interest should be neglected by the Government.

Q. Can you suggest any changes that should be made in the present system?

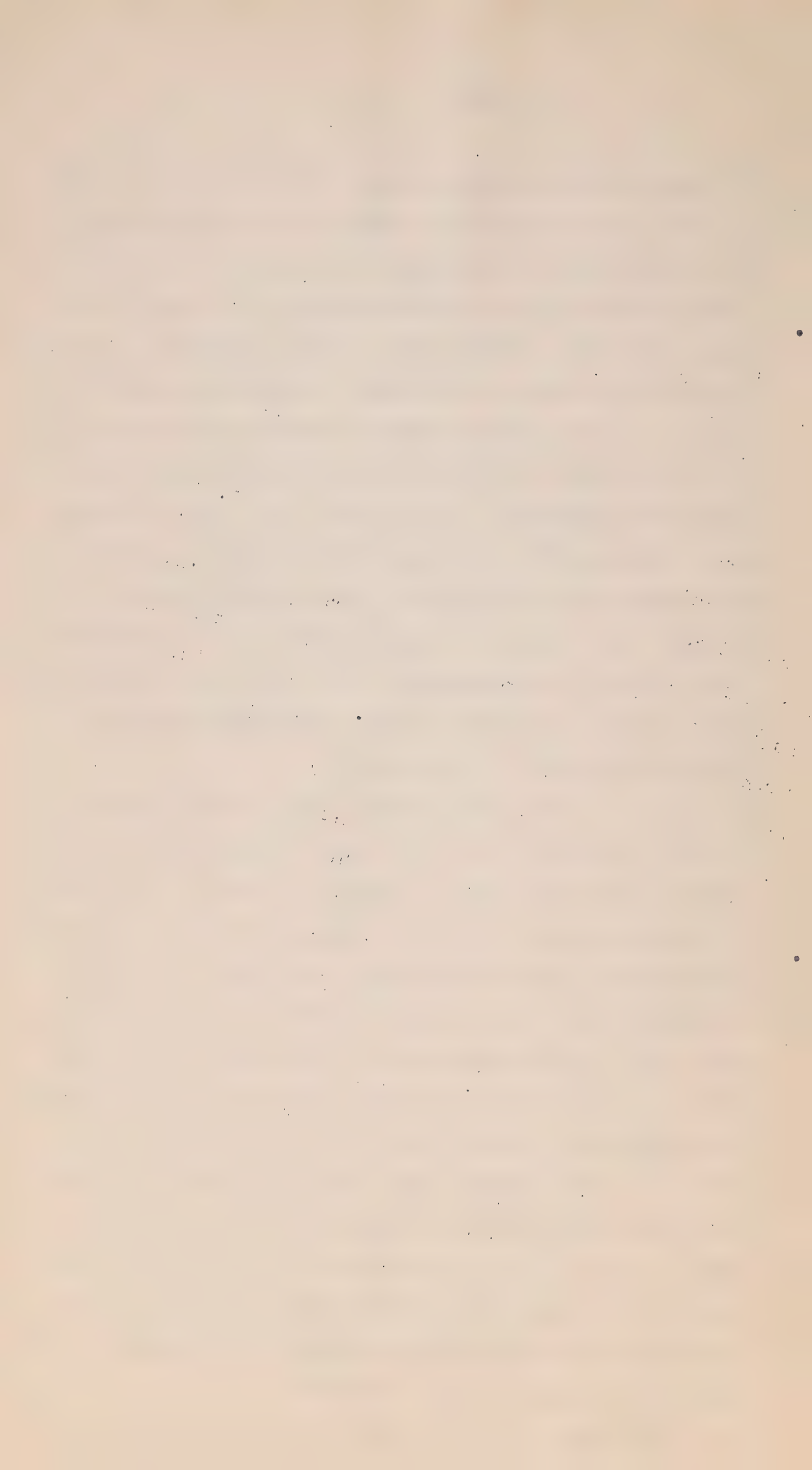
A. No, I do not see how you could make any change; I know if I were a bondholder I would hesitate a long time before I would give up the security I hold for that of the municipalities.

COMTR.R.A.1033: The municipalities and the Government are in this together; the municipalities initiated it and the

Government acted as banker, and don't you think it would be a good thing to have one member on the Board elected by the municipalities, for this reason. We have had complaints from various municipalities who say they have no direct connection between them and the Commission. If they had the appointment of one member on the Board, they would then have a man of their choice to whom they could go in a very friendly way and have their point of view placed before the Commission. That would relieve this question of the municipalities saying we haven't got any representation on the Commission. They say that in spite of the fact that they have as much invested in the distribution plants as the Government has in the development. The whole project is for the benefit of the municipalities and the Government is the banker?

A. I do not think your analogy is altogether correct. In the first place I do not look upon the Government as the banker, I look upon them as rather an endorser, in aiding the municipalities to get the money, and so far as the one representative of the Commission being appointed by the municipalities, there are some features in it that probably might be advantageous, but I am rather inclined to think it would make a disturbing element on the Commission. I am afraid the representative from the municipalities would be too thoroughly imbued with the opinions of those people who represented the municipalities, and he would hardly be able to take as independent a view of it as the other two Commissioners. I may be wrong in that, but it does strike me that he would probably be a disturbing element in the harmony of the Commission.

TO THE CHAIRMAN: Q. We are glad to have your view of it, have you considered whether a member of the Government should be on the Commission?



A. You did not ask me that; I should say that if the Government are advancing this money, they certainly should have some person in touch with what was going on. Some member of the Government should be in touch with what was going on in the Hydro Electric Commission.

Q. If they had two appointees, would not they have some one in touch with the Commission?

A. I do not know, Mr. Chairman. You may have a better idea than I have of the matter, but it does seem to me that a member of the Government is about the only Commissioner who could keep the Government itself in full knowledge of what was going on in the Commission. There is a certain amount of secrecy in the business of the Cabinet, and for that reason I do not think that an outsider could be as free with the Government, and have the same opportunities of telling them what was going on in the Hydro Commission.

Q. Have you ever considered whether they should have some one who would occupy a position similar to a Controller, who would see that the money voted by the Government was used for the purposes for which it was voted? Some one who would occupy a position similar to the position held by the Auditor of the Government?

A. No, I have not considered that; of course that might imply some reflection on the Commission itself. It might not, however, be a bad idea to have some expert man to look after the interests of the Government on the Commission, but again that might imply some reflection.

Q. I was not thinking on the Commission itself, but outside the Commission, some object strongly to that, and they say it would hamper the Commission if all its payments had to be approved by some outside official?

A. Well, there is a great deal of force in that. It is a very serious thing if you have got to go ^{to} the Courts for everything you require before doing anything in business, and that would mean something of the same kind.

Q. You heard what was said this morning by Mr. Lyon about the raising of money for the development of the St. Lawrence scheme?

A. No, that was before I came down. I only heard part of his evidence.

Q. He suggested that the municipalities in the St. Lawrence district should be liable for that development, and he further suggested that these municipalities should issue their bonds for a certain amount of the cost of that development, and that these bonds would be liable to be sold if a loss should occur?

A. Did he refer to the \$100,000,000 for the deepening of the St. Lawrence Canal, I did not hear his remarks. Did he include what it would cost to deepen the St. Lawrence Canal?

Q. He said that they could develop over a million H.P. and that a large amount of that could be very readily sold on the other side.

A. There is one thing that you might permit me to refer to; his Worship, the Mayor of the City of Toronto, said yesterday, that the Hydro Electric Commission had saved this province \$28,000,000. I do not want to say anything against the Hydro Commission. I think it has been a wonderful institution and a tremendous success, but I think His Worship went too far; in the first place I do not see how he could ever reach these figures. If he took the price of the electricity at the time Hydro was organized, and if he charged them for all the electricity that has been used since, and forgot that we have been improving in the produc-

tion of electricity since that time, I do not think he would then reach the figure he gave.

Q. I do not think he tried to show how the figures were made up?

A. I would like to know how it can be done, or whether he thinks we would not have been producing electricity if it had not been for Hydro. I would like to say now, Sir, since public opinion has become somewhat sobered on this question, that if the Hydro Electric Commission had taken over, when they could have done so, the Toronto Electric Light Company and the Electrical Development Company, they would have saved the duplication of the system here in Toronto, and the building of the second transmission line from Niagara Falls, which would have been a saving of a great many million dollars. While I am quite prepared to say that the Hydro Electric Commission has saved this country and the Province of Ontario a great many million dollars, at the same time I must say that I think the Hydro Commission could have saved the Province of Ontario a great many more million dollars. I think they made an offer to sell to Hydro and the Commission refused to accept it.

Q. The Toronto Commission?

A. The Toronto Electric Light Company made an offer to the City. Mr. Oliver was then Mayor of the City and he was anxious to take over the system, but the City would not pay the price the Company asked.

I think the Company would not sell to the City of Toronto at a price that was regarded by the City as a reasonable price; they would not sell for less than

they considered the Company was worth. The stock of the Company at that time was selling at about \$1.60 or \$1.70, and they sold out at about \$1.40; I think the City offered \$1.35, that was for the Toronto Electric Light Company. At that time the Electrical Development Company's bonds were on the market, and the Hydro Commission could have bought the bonds of that Company and the stock on very reasonable terms.

Q. I suppose at that time the Hydro Commission, or the City of Toronto, could have bought these Bonds and the stock for a great deal less money than they finally paid for them?

A. Yes, certainly so, and I think it is just as well that the people of this city, and the people of the Province of Ontario should not be carried away entirely with the idea that Hydro has done everything just in the right way at all times, and that they have never made any mistakes during the whole period of their operation.

SIR JAMES W. WOODS.

TO THE CHAIRMAN:

Q.. I think you have been here during the discussion?

A. No, sir, I have not. I got your note asking me to appear and I read this morning with a good deal of interest and some surprise, the statement of His Worship the Mayor and I call to mind a speech delivered by Sir Adam Beck in 1915 before the Members of the Toronto Board of Trade, I looked it up this morning and I took verbatim extracts from it. They have a bearing on this question and I think if you will let me read them they will form a starting point for what I have to say. Sir Adam Beck says, this is addressing citizens of Toronto, "What powers have you not given us to carry on the Hydro Commission, so far as your local Commission is concerned? We even have the appointment of one of your three Commissioners. We have the power to say the class and quality of equipment you shall install. We control your rates. We control your accounting system. We have absolute control of the various municipalities. For what purpose? Only for the purpose of guidance, only for the purpose of assisting you, only for the purpose of maintaining that co-operation which is necessary in all the municipalities to keep them on one common ground of business operation and business methods, which must be universal, else we cannot get the great results that we have obtained in the Hydro Electric Power scheme." It is important to remember that under this Act, you have really no financial burden, because it is provided that we shall issue Hydro Electric Power Commission bonds, endorsed by the Government of the

Province of Ontario, and again guaranteed by your debentures which will be placed with us as collateral security, against that bond. I ask you, as business men, was there ever a bond issued more secure than that? The purpose of it is, not only security to the Government of the Province, not only security to the various municipalities and to the money-lender, but it is to be a security that will give us the cheapest money possible. "

Again, "We do not need to put the bonds on the market at a disadvantageous time. We can carry them, we can get our money on them without selling or disposing of the bonds. I am sure of that."

Then later on, "You are protected in that we cannot issue a bond for a dollar without an order in Council, without the consent of the Governor in Council."

Further on, "The Hydro Commission must assume the responsibility of saying to the Municipalities: 'This, or that, will be a success. The revenue of it will be sufficient to meet the expenditure, and it will, or will not, become a burden to the people. That it will, or will not, place a tax upon the people of the localities.' These are the responsibilities of the Hydro Electric Power Commission and it must be the duty of some one body. It must be placed in the hands of some one body, and it is only a matter of whether or not such a body is constituted in such a way and with powers available to give you reliable data and information upon which you can base such a great project entailing such a large expenditure of money. Now, what is our ability to cope with such a great question? We have been given the moneys necessary by the Province,

voted by the Province as a whole. We have spent as much as \$200,000 a year in investigating and reporting on various schemes. In reporting upon the water power resources and development of the country to the Government and the municipalities in a single year. We have had funds sufficient and, if we had not, it would have been our own fault for not securing them, because they were always available."

Further on, "Speaking of the controlling Commission, Sir Adam said: "It should be a combination of the municipalities under the control of an independent body. How that body should be constituted and appointed, is a matter of expediency. I do not think the Government for one moment would care to continue the responsibility if you can show in any way that by some other means a Commission may be appointed that will secure better results. But there must be some central controlling body for the administration of the work."

In the same address Sir Adam gave an illustration of the danger there might be in not having Government control and supervision and Government guarantees and I will read this, this is also quoted verbatim. Sir Adam Beck said, "We have submitted hundreds of estimates. We have undertaken hundreds of different responsibilities and I am proud to be able to say today that, as far as I know, no municipality has ever suggested that we have submitted an estimate as to the cost and as to the result in the operation of a project to any municipality in the Province of Ontario that we have not been able to carry out and complete that undertaking, both in point of

construction and operation, and that it has not been constructed below the estimated cost given by the engineers.⁹

Again I want to quote, and here Sir Adam is speaking of the Chippawa undertaking: "We have submitted a report to the Government, asking them to pass an Order-in-Council to authorize to go on with an undertaking that entails an expenditure of Ten Million Dollars. We propose taking the water from the Welland River, which receives the water from the Welland Spillway, fairly far up the river, and also diverts the water from the Niagara River from the other direction. We take it at a point north of the Michigan Central; we build a Canal down to near Queenston and we drop it over to the river below. We get the benefit of the Falls, the Rapids, the Whirlpool Rapids and all the Fall from the one lake to the other, and we secure a maximum head of 305 feet as compared with an average maximum head of the companies of less than 150 feet. So you at once see that we will get double the capacity of horsepower from the waters that we take as compared with the water that is used at Niagara Falls. It will be a splendid paying investment on the part of the Province of Ontario because I may tell you this: that when we invest another Five Million Dollars, we will be able to generate at Queenston over 450,000 h.p., while the companies capitalized at Fifty-five Millions of dollars, have a capacity of but 405,000 h.p. Therefore, imagine for yourselves the ratio of cost of power, as between a Ten Million Dollar investment and the Fifty-five Million Dollar investment in the Queen Victoria Park."

Now, had the municipalities gone ahead with the Chippawa undertaking on the strength of Sir Adam Beck's forecast and his assurance of the infallibility of his engineer's estimates, and without the guarantee of the Provincial Government, how would they have obtained the Eighty Million Dollars the development is said to have cost? Would the undertaking have been carried through? The situation would most assuredly have been serious. The work would surely have been halted, possibly abandoned, and public ownership have received its death blow.

Mayor Maguire does not voice the views of Toronto taxpayers when he demands freedom from Government control. If Hydro has been made a political football, as Mayor Maguire states, it is because of him and those associated with him in the Ontario Municipal Electric Association, and no Ontario Government ever did a finer thing for the Province than the Drury Government did in appointing the Sutherland Commission to investigate the question of radials, and the Gregory Commission to investigate Hydro estimates and expenditures.

Hydro Electric power is the breath of life of industry. It has become an essential of the daily life of the great majority of our citizens and its future should be jealously guarded. This is the plain duty of the Provincial Government and to accede to the demands of Mayor Maguire and the other members of the Municipal Association who vote with him, would be neither more nor less than shirking responsibility. Mayor Maguire would appoint Sir Adam Beck a life member of the Hydro-Electric Commission. Neither Sir Adam nor the Mayor has a

perpetual lease of life and talk of this kind is silly nonsense.

That, Mr.Chairman, is practically my views of what the Government ought to do in connection with the control and future development of electricity. I believe that the only safe thing, the only possible thing is for the Government to keep control. You asked previous witnesses whether the municipalities ought not to have a representative. How is one to be appointed? Supposing the choice of the municipalities was Mayor Maguire, would he be acceptable to the eastern part of the Province and to Sault Ste.Marie and other places in the north. Now, it seems to me that the Commission might recommend someone who would^{be}/directly responsible to the municipalities and that the municipalities might endorse their recommendation and he would be a Member of the Commission who would be their adviser and in close touch with the municipalities.

TO COMMISSIONER HANEY:

Q. A member without portfolio? A. Yes, thank you, Mr.Haney, you have put me right. I believe too that in governing expenditures a sort of finance minister might be chosen by the Commission and appointed by the Government, who^{would} be obliged to see that the expenditures were properly expended, that the moneys received by the Commission were spent in the way they were intended to be spent.

Q. Would you have that man at the Parliament Buildings?

A. No, just as Finance Commissioner Ross is at the City Hall, he would be chosen by the Commission and appointed by the Government. If the one chosen by the Commission was

not satisfactory then I would say the Commission would have to seek another man until they got one satisfactory to both the Commission and the Government.

Q. Is not the most serious problem the leak or waste of capital expenditure, not so much on the financial side, as in the field? A. I do not get that.

Q. Don't you think the leak is more likely to be in the building of the plant and its installation? A. Yes.

Q. Capital expenditure? A. I do not know, I would rather look to you for advice on that point. I have not considered that phase of it.

Q. Have you considered whether a member of the Government should be a member of the Board? A. No, I have not. I am always opposed to a man having two jobs and I cannot see how a member of the Government can give proper attention to the work of the country and sufficient time to be familiar with the details of the work of the Commission. I do not think off hand I would like to say definitely.

Q. Have you considered that the Hydro has grown to such a magnitude that full time would not be too much to give? A. Absolutely, a man has not time to properly attend to the duties of the Hydro Electric Power Development and the distribution work and also have other duties to perform. Their whole time should be given.

Q. Your judgment is that their whole time should be given to the work so that they would be continuously familiar with the details and have full knowledge of the operation?

A. Absolutely, they should get salaries that would be ample compensation for their whole time.

Q. Salary does not measure a man's services? A. No.

Q. When a man agrees to give his whole time he gives all that is in him, whether it is \$10 a month or \$10,000 a month? A. The \$10 a month fellow would not have so much trouble.

Q. Have you considered, Sir James, whether the municipalities should assume the burden of financing?

A. I am absolutely sure they could not. I do not know how the City of Toronto could, I think it would be interfering with their borrowings for ordinary municipal requirements and they would have to pay more for their money and they might not be able to get the money, and that might be a good thing too.

Q. Assuming there was a refunding scheme whereby the municipalities would undertake to pay back the \$160,000,000 would not that entail great expenditure? A. My business is buying and selling dry goods.

MR. JEFFERY: There is just one point that comes to my mind. I do not want to enter into a discussion of this, but I have heard a great many witnesses say that the Hydro Commission^{ers} should be full time members and they also suggest that these full time men be appointed for three, four or five year periods. Take any business man, take Mr. Harris for instance, supposing he was appointed a Hydro Commissioner, he would have to drop everything else that he has got and be a Hydro Commission for three years and then at the end of the three years he would be dropped, and in the meantime he would have to neglect his regular business.

COMMISSIONER R.A.ROSS: How long do you think it would take him to get hold of the business and know what he was doing.

MR. JEFFERY: It would take him two or three years.

COMMISSIONER HANEY: That would depend upon his intelligence.

MR. JEFFERY: I do not mean to be of any use, but I mean to get a grasp of it.

THE CHAIRMAN: He would have something to learn at the end of two or three years.

MR. JEFFERY: I had something to learn at the end of twelve years.

COMMISSIONER HARRIS: Sir James does not suggest that any appointment should be made for a limited period.

SIR JAMES WOODS: No, I have not, but I think they ought to be full time men.

MR. JEFFERY: Then he would have to drop everything else.

COMMISSIONER HARRIS: He ought to remain a Commissioner as long as his behaviour was all right.

SIR JAMES WOODS: You like to have some men tied down and others you would be sorry if you were tied to them.

COMMISSIONER HARRIS: I presume you are fairly familiar with the relations between the Government and the Hydro Commission?

SIR JAMES WOODS: Yes, I think so.

Q. It is so very easy for the Commission to come to the Government and get money, practically all they have to do is to make an application for the money and their application

is never turned down. If this was a real Government Department don't you think their application should come forward with an itemized statement of the moneys they required and an engineer's plan, setting out all the details?

A. I think if I were operating a business of such magnitude and had men in control under me in whom I had confidence, I would give them a reasonable amount of leeway and for that reason there would of necessity be a deposit account from which they could draw \$20,000 or \$50,000 or \$100,000. I would not fix the amount but I think they ought to keep within their amount until they submitted details of what they were spending that money for.

Q. Before they came back for more? A. Absolutely, I think a detailed statement of every expenditure ought to accompany their request for money.

Q. I think perhaps that is the weakest link that has developed in the relationship between the Government and the Hydro Commission? A. Yes.

Q. That, I think, is a very important matter. In the first place the Chippawa Development was going to cost \$10,000,000, then it was raised to \$13,000,000, if it had been a business proposition it could not have stood for five minutes after they came back and said they wanted another

\$10,000,000? A. No, neither could the municipalities have done that.

Q. I think probably the Hydro Commission could have told the people at the time the proposition was going to cost \$40,000,000; \$40,000,000 was just as good a guess as \$13,000,000? A. It would have been far better if they

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had been entirely frank.

THE CHAIRMAN: Of course we have not finished that investigation.

COMMISSIONER HARRIS: We have all the estimates.

P age 5183 follows.

A. O. HOGG, PRESIDENT TORONTO BOARD OF TRADE.

Q. You were before the Commission on a former occasion in reference to the Eugenia system?

A. Yes.

Q. You are President of the Board of Trade of Toronto?

A. I am.

Q. What is your view as to the appointment of the members of the Commission? Do you think the method of appointing the Commission should be changed, and that the Commissioners should be appointed by the municipalities?

A. I would think the present plan was very much better, and that the Commissioners should be appointed by the Government rather than by the municipalities.

Q. Have you any reason for arriving at that conclusion?

A. Well, it would be difficult to arrive at some system whereby the municipalities could elect the members of the Commission.

Q. Could not that be provided for just in the same way that a meeting of Shareholders of a Company elect the directors of the company?

A. Yes, it might be provided for in that way.

Q. It might be done in the same way that the Shareholders of a Company who have the majority of the stock elect the Directors of the Company?

A. I was just going to say that if they were elected on the basis of shareholders in the stock, there would be a great deal of friction in connection with the matter. It would not be a good thing to divide the Commissioners in that way, and apart from that I think by the Government making the appointment, there would be a more general administration, and it would not be local.

Q. What would you think of the suggestion made by Mr. Ross just now that one member of the Commission should be

elected by the municipalities?

A. I do not see any particular advantage in it, you mean, of course, the municipalities that are using Hydro?

Q. Yes, the Hydro municipalities say these men would then be elected by municipalities who would have a direct connection with the local situation, and the Commissioner would be their choice?

A. There would be no serious objection to one man being elected, but I still think it would be better to have the Commission appointed by the Government, and one member of the Commission a Minister without portfolio. I think that would keep the Commission closer in touch with the Government than it would be if the Commissioner was outside the Government.

TO COMMR. HANLEY: How would it do to have the municipalities name six men and the Government make the choice?

A. The municipalities would nominate six men?

COMMR. HARRIS: What would be the use of asking 230 municipalities to nominate six men?

MR. HOGG: I am afraid you would add a disturbing factor to the Commission.

TO THE CHAIRMAN: Your opinion is that on the whole, the present system is satisfactory?

A. I think so.

Q. Have you considered taking over the financial responsibility in the raising of future sums? For instance by the municipalities, and make them directly responsible for the sums that were raised?

A. I have thought something about that. I heard the statement that was read by Sir James Wood, and I heard Sir Adam Beck make that statement. And I wondered how the municipalities would have financed the undertaking

when they were told it would cost ten million, and it finally cost a great deal more.

COMMR.HARRIS: It could not be done.

A. I was Treasurer of a municipality a number of years ago, and I had something to do with selling municipal bonds, and I found that the purchasers of bonds were very anxious to know what the assessed value of the municipality was, and the amount of its indebtedness. I would think that an obligation like that on the municipalities would very seriously interfere with their ability to raise money.

COMMR.HANLEY: No matter how it was to be paid back.

A. Yes, it would be difficult to get the money in the first place. If the municipality issues bonds to build a waterworks, it is not in the same position as if they were raising bonds for some unproductive undertaking, but they still have the debt to carry.

Q. There is no doubt it would affect their borrowing power to some extent, but perhaps to a limited extent?

A. I think they would get money to carry on Hydro enterprises at lower rates, and it would be much easier financed with the Government guarantee than it would be without the Government guarantee.

Q. How do you look at the question from the standpoint of the municipalities that are not served by Hydro. There are over a million people in the province in municipalities which are not Hydro municipalities. What do you think of the argument that has been advanced that these people should not be expected to assume the burden of supplying money for Hydro and their credit used for that purpose?

A? When the Government extends its credit to finance an enterprise that only a portion of the municipalities

receive any benefit from. The incentive is all the stronger that they should be anxious that that investment is perfectly safe.

Q. Would you have the members of the Commission appointed for a fixed term?

A. No, Sir.

Q. The appointment is now during the pleasure of the Government?

A. Yes, sir. I think the business has got large enough from the evidence given yesterday, that it requires the Commissioners to give their entire time to it.

TO COMMR.HARRIS: You would not confine their appointment to the pleasure of the Government?

A. The man appointed to a position of that kind ought to be left to do his work according to his judgment, because the Government changes, one goes out and another comes in.

Q. It would be ridiculous to say that they would have to change all their officials?

A. I think it would be a most unfortunate thing if Hydro became a matter of patronage. If able men were appointed from the Commission, and if it was properly administered, they should be left there as long as they were efficient.

COMMR.HANLEY: That is the present practice, except in regard to the member of the Government.

COMMR.HARRIS: That was not the practice with the Canadian National Railway.

MR. HOGG: I heard His Worship, the Mayor of the City of Toronto say that he thought Toronto would be quite prepared to take over their share of the burden of some \$83,000,000. Well, I have the timidity to differ with

him. That may be his opinion, it is not mine.

Q. I did not think the share of the City of Toronto would amount to as much as that?

A. That was the statement he made. I know last January we had a vote on the question of Radials and the entrance, and there was an estimate made that it would cost \$4,500,000. Some effort was made to try and ascertain what the actual cost would be. We were informed by reliable engineers that the cost would have been many times that. If they had voted to raise \$4,250,000 and it was afterwards found that it would cost \$35,000,000, it would be a serious matter. It was estimated that Chippewa would cost \$10,000,000 and the cost is now said to be \$80,000,000. It would be a very serious matter for the municipalities if they were told that an enterprise was going to cost eight times as much as the original estimate.

MR. JEFFREY: No, not for the same enterprise.

MR. HOGG: The statement was made that the original enterprise was for four hundred and fifty Horse Power.

THE CHAIRMAN: By spending \$5,000,000 more and making the cost \$15,000,000 they would be able to develop 450 H.P.

MR. Hogg: That statement was made, and it was taken down at the time.

May I say, Mr. Chairman, that there has been a good deal of discussion in this matter, and anyone who has an opinion that is not exactly in harmony with others they are told in Toronto that they are anti-public ownership men or anti-Hydro. I might be permitted to say that I am neither one nor the other, I am neither anti-Hydro nor anti-public ownership. I believe that every citizen has the right to use his judgment, and I say that when some one says a certain thing is going to cost \$4,000,000

when it will really cost \$40,000,000 I think a citizen has his right to use judgment and vote accordingly.

The majority of the property owners took that right last January and voted that way.

Q. It does not seem unreasonable that the people should exercise their judgment some times?

A. I think so, and I still think they ought to be able to, and they should be allowed to use their judgment without being called names that they are not entitled to.

COMMR.HARRIS: I was called an anti-public ownership man right here this morning.

A. I am not a politician and never was, and I say distinctly that I believe the Premier of the province of Ontario deserves a great deal of credit for the investigation he has made into the Radial question, and for the stopping of the expenditure of a large amount of money. People who had experience did not believe that it would have been wise to have spent that money. They did not think it would have been a profitable investment.

COMMR.HANEY: Even if a man or Commission go into any undertaking, is not it well that they should be checked up?

A. Henry Ford says when he wants to kill a project the quickest way to do it is to hire a lot of super-experts.

Q. If a man is not a super man, but an ordinary man, is not it better that he should be checked up?

A. Yes sir. I know if we tried to conduct our business along the line that we were going to spend \$10,000 and afterwards found that we run into an expenditure of \$80,000, there might be financial trouble not very far ahead. I would take Mr. Haney's judgment as to the cost of constructing anything more than I would that of

a man who had not experience.

I might say I do not believe the appointment of this Commission was unwise. I think it was a very wise thing to get all this information.

THE CHAIRMAN: Are there any municipalities here that have not been heard?

T H O R O L D.

WALTER GREENVILLE.

TO THE CHAIRMAN: Are you a member of the Thorold Commission?

A. Yes, sir.

Q. You have been present a considerable part of the time?

A. Yes, yesterday and today.

Q. Perhaps you would let us have your opinion about these matters we are enquiring into?

A. Well, our opinion is that we are getting along very nicely with Hydro as it is, and unless it is absolutely necessary to have a change, we do not see why any change should be made. If there is to be any change, we would like to know all about it before it takes place. We are getting along nicely at the present time, and I would not like to see anything done that would in any way interfere with the work of the Hydro Commission.

Q. Have you considered the question of financial responsibility?

A. Yes, I have considered that to some extent, and I do not think our municipality would be averse to assuming their share providing it did not interfere with our borrowing powers. I do not see why they think it should inter-

ferre because we have a plant and equipment over there. We have had it for a long time, and it is paid for with the exceptions of what we got when we went into Hydro. We had power development previous to Hydro. The town owned a small plant, and it has always been a revenue producer, and has paid for itself. The increase of Hydro and the increase in revenue is getting more every year. I cannot see why if we borrow money on something that is producing money, that it should interfere with our borrowing privileges.

TO COMR.HARRIS: Did you have one of the Welland Canal power plants?

A. Yes, we are still using that, but we have increased the power by the use of Hydro. We have the Ontario power in previous to getting Hydro. Until Hydro took over the Ontario Power Company we were being supplied by that Company, and now Hydro supplies us with our surplus power. The town of Thorold does not use a great deal of power, but there is a great deal of power used in the immediate vicinity, some firms use as much as 12,000 H.P.

Q. How much power do you develop by your own municipal plant?

A. I think something like 400 H.P.

Q. You have a low head?

A. Yes, it is on the old Welland Canal. We never had any trouble. Our plant twenty-five or thirty years ago was the cheapest in Canada for lighting purposes. We had it then on a flat rate of 3 cents a week for 16 candle power lights. We found that was a little low and we raised it. All our lights are on motor now, and everything is very satisfactory at the present time.

I sometimes think that possibly one man might be appointed on the Commission by the municipalities, and that would be all right. The only thing is how the appointment would be made. It seems to me that possibly that appointment might be made by the Commission of some young man who had grown up with the Commission, and who was thoroughly conversant with the working of Hydro.

Q. You mean that somebody should be appointed from the Hydro organization?

A. Yes.

Q. Mr. Jeffrey for instance?

A. They should appoint the best man they have in the organization. One thing about that if a man was going to be appointed to the Commission by the municipalities, there is no doubt that Toronto, Hamilton and London, and a number of other large cities would have men whom they would like to appoint to the Commission who would be strangers to us and the smaller municipalities would not know anything about these men or about their ability, and we think we ought to know something about their ability before they are appointed members of the Commission. I am of the opinion that a well qualified man could be secured from the men who are now working for the Commission. He would not necessarily be a Toronto man, although it might be necessary for him to live in Toronto when he was appointed on the Commission.

COMMR. HARRIS : Q. If it came to a vote, Toronto would out-vote all the rest of the municipalities and I do not think the other municipalities would stand for that?

A. Why not have the Government pick a man from the

Hydro staff.

Q. This gentleman from York Township, Mr. Galbraith, perhaps made the best suggestion that I have heard presented, and that was that the two members, one appointed by the Government and the other by the municipalities, should select a man who would be appointed by the Government?

A. Well, we do not care how it goes along, as long as it goes along as it is going at the present time. If there is to be a change to protect the other citizens of this province, who are not getting any benefit out of Hydro, then we want to have an opportunity to consider that change before it is made.

TO THE CHAIRMAN: If it is going along all right now, why should you make any change?

A. We are perfectly satisfied to continue as we are.

Q. There is a good deal to be said for the appointment of a man from the Hydro organization. He might be a very useful man?

A. It always looked to me in that way. Of course, while I think Sir Adam Beck has been a wonderful man and this big development has taken place under him, I think he knows that since he started he might have saved several million dollars if he knew then as much as he knows now. A man who has grown up with Hydro and who knows all about its operation, would have considerable experience, and in my opinion, he would be a good man to have on the Commission, because he would have a thorough knowledge of the undertaking to start with, and if a real good man was elected, he would certainly be much better than a man who had had no experience in connection with the undertaking.

A Y L M E R.

H.H.WRIGHT.

I am a member of the Local Commission. I have no fault to find. I have been a member of the Commission since its inception. I was Mayor at the time Hydro was installed.

Q. What do you think about the constitution of the Commission, would you leave it as it is, or would you make some changes and if so what changes? A. I am not just clear as to the organization of the Commission. At the present time the Government appoints the whole three.

Q. Yes? A. I would prefer one appointed by the Hydro municipalities if it were at all possible. I would want a practical man. We want to get as practical a man as possible.

Q. Yes, that is a matter that will have to be left to the judgment of the municipalities. If you give them power to do it you will have to rely upon them to make a wise choice. They might make an unwise choice? A. Yes. We have been getting along very nicely and we have no fault to find. We are making a little money and we are getting our lighting for about half what we used to get it for when we produced it ourselves by coal.

Q. You get your power from Niagara? A. Yes, on the line from London to St. Thomas.

TO COMMISSIONER HARRIS:

Q. Have you got a very big power load? A. No, our municipality's bills runs a little under \$1,000. a month.

Q. What industries have you in Aylmer? A. We have nothing large except the Milk Company, and they use very little power. The canning company use power during the time they are running. They had a generator in before we got going and they

just used Hydro as a supplementary power, but they have just about sold out. They have to have a certain amount of steam.

Q. Perhaps it would be more practical for them to use steam for cooking and power? A. Well, they find it cheaper to just use steam.

TO THE CHAIRMAN:

Q. What about the financial responsibility? Do you think any change should be made in that? A. I was disposed to have a change until I saw what we were up against, and then I immediately dropped all thought of any change in that respect.

Q. Do you think the Government is a pretty nice banker?

A. I do. I have a great deal more respect for this Commission than I had when I used to read about it in the papers. Yes, I think the Government have been pretty good bankers for Hydro. As far as we were concerned we wanted to be kept clear of politics as much as possible, and if it can only be kept clear of politics I believe it is going to be one of the grandest things for Ontario that has ever been organized, but we must get clear of these petty things. I came down here with the intention of just being like a sponge and soaking in all I could and I was not going to give out anything, but I have learned a lot but I must say there is a great deal that I do not know about it yet.

Q. You will be able to qualify for a Commissioner yourself?

A. Yes, if I keep on, but I am afraid I commenced too late in life for that.

G U E L P H.

J.W.OAKES.

TO THE CHAIRMAN:

Q. What can you do in the way of enlightening us on the subject of whether any change should be made in the character of the Commission, whether they should be chosen by the municipalities or by the Government? A. Speaking for myself I think it is better to have them chosen by the Government. I understand the statement was made here yesterday by Mr.Hannigan of Guelph to the effect that Guelph as a municipality was prepared to take over and assume the liability. I am sure Mr. Hannigan spoke for himself only, absolutely for himself only. I am satisfied as an alderman of the City of Guelph that we have no desire, in fact we would oppose assuming any further liability, or any part of that One Hundred and Sixty Million. How much of the One Hundred and Six Million Mr.Hannigan could assume since he has been working for Hydro I am not prepared to say. Mr.Hannigan is a citizen of Guelph and personally we are friends.

TO MR. JEFFERY:

Q. Do you infer that Mr.Hannigan has been helping to finance Hydro? A. No, I would rather say Hydro has been helping to finance Mr.Hannigan.

TO THE CHAIRMAN:

Q. You would not care to assume any part of the financial obligation? A. Yes.

Q. What about future work,would you rather it was put on a different footing and the municipalities assume the responsibility? Do you object to assuming further obligations as well as past obligations? A. Yes, by all

means; we have assumed all the obligations we would like to assume.

Q. You have not any obligation in connection with the government radial? A. Yes, I think we have a heavy obligation. I requested from Mr. Gaby through you an itemized statement of the cost of reconstructing certain streets in Guelph when you were sitting in Guelph, and he promised to furnish that, but I have not yet received that statement. As I stated, and I will state again, we are prepared to construct these streets for less money. They sent us a bill and the City Council wanted an itemized statement of the \$63,000. for reconstructing a certain portion of the road. We are prepared to reconstruct a similar portion of that street for the sum of \$30,000. and a very handsome profit should be made out of that.

THE CHAIRMAN: Perhaps you will bring that to the attention of Mr. Gaby?

MR. JEFFERY: Yes, I remember the matter came up in connection with details of certain cost of work, but I thought that had been attended to.

MR. OAKES: We considered the cost exorbitant for reconstructing that piece of road and we asked for an itemized statement.

---Adjourned at 6 P. M. until 10:30 a.m. tomorrow.

(April 27th, 1923)

APRIL 27TH, 1923.

Proceedings resumed at 10:30 a.m.

SIR WILLIAM HEARST, called.

TO THE CHAIRMAN:

Q. Recently the Ontario Electrical Association passed a resolution in favor of eliminating government representation on the Hydro Commission and the representatives being chosen by the municipalities and they also were in favor of the municipalities assuming the whole financial burden of the undertaking. You, as Premier, must have been brought into very intimate touch with the work of the Commission and you must have considered these matters from time to time; we would very much like to have your opinion upon it?

A. I have at the moment no settled opinion upon it, I have not been giving any thought or consideration to Hydro Electric matters for now nearly four years and I don't know how conditions have changed or what the circumstances may be today as compared with what they were when I had, as you suggest, considerable to do with Hydro Electric questions.

Q. But you would understand the working of the Commission and as to whether any changes of the character mentioned would be desirable and lead to a more efficient operation?

A. It seems to me that as I did not make any changes when I had the responsibilities of Prime Minister in this Province it would cover that. While I was Prime Minister representations were made by the Hydro Electric organization to the effect that they thought they should have representation. I have no doubt that there were

resolutions and communications, the exact effect of which I cannot recall, but they were asking to have some representative on the Commission elected by the municipalities interested in Hydro development. There was considerable discussion pro and con on the floor of the House, with reference to the advisability of that course; no action, however, was taken while I was Prime Minister. The question was given consideration and was under advisement I think when I went out of power. There were difficulties in the way of giving even representation because I do not think any concrete method of electing the representative was put forward. Representations were made to the Government and there was no method that we thought was free from objection and the net result was that no action had been taken when I went out of power.

Q. Had you come to a conclusion at that time as to whether or not it was desirable? A. No, not any final conclusion. As I stated, we thought the request for representation was worthy of consideration, but no final conclusion I do not think had been arrived at.

Q. From your observation of the working of the Commission, since, and your knowledge of the responsibilities, have you considered whether or not any change would be desirable?

A. I have not given any thought or consideration to it since then.

Q. Have you considered at all the question of the financial obligations, whether or not they should be shifted from the government to the municipalities, or whether the municipalities would be able to carry them? A. That is the municipalities themselves take over the entire financial proposition?

TO COMMISSIONER HANEY:

Q. Refunding and paying back to the Government the money they have advanced? A. I have no recollection of any definite proposition of that kind ever having been made while I was Prime Minister. I know it was never seriously considered, it was never brought before the Government in any way to cause serious consideration on their part. That appears to me rather a matter for financial experts than lawyers, particularly one who has not inquired into the factors that would have to be taken into consideration in arriving at a solution. One would think it would possibly have a material affect on the financing and the cost of financing, the sale of bonds and that sort of thing, but that appears to be rather a matter that financiers could speak about, and I wouldn't venture even a guess.

TO THE CHAIRMAN:

Q. There have been a variety of opinions expressed here, some in favor of taking it over at once and others in favor of taking over the responsibilities in connection with future development. Mr. Lyon said in respect of the development of the St. Lawrence, these municipalities should guarantee the amount and issue bonds for 25% of the cost and deposit these bonds with the Government to be disposed of in the case of there being a loss or deficit in the operation?

A. Of course I do not know what he has in mind with reference to the St. Lawrence. The time will come when a different policy would be advisable and probably even necessary when that question comes up, because it will be more or less of an international work in all probability.

Q. I think he mentioned that as being a development that

Q. I think he mentioned that as being a development that possibly was in sight now and he uses that as an illustration?

A. The theory in the past has been in connection with provincial Hydro Electric development, that there should be one management and one policy throughout, so that the systems could be co-ordinated as far as possible and thereby contain the greatest benefits and the greatest efficiency in the production and introduction of electricity.

Q. Were you in the Legislature the first time the Hydro Electric Act was passed? A. No, I came into the Legislature first in 1908.

Q. Both Acts had been passed? A. Both Acts had been passed and the Acts and the policy were in force when I first came into the Legislature, and were largely continued so long as I had anything to do with public life.

Q. Perhaps you are familiar with the original act? A. No, I do not know that I am.

Q. That was an entirely different Act from the present one. It did not provide for the issue of government bonds at all and simply provided for municipal bonds? A. I never studied the 1903 Act but I understood it was generally considered that it was not practicable.

Q. Sir Adam Beck introduced the Act of 1906 which wiped out that part of the Act altogether and provided for the issue of Government bonds and the control and appointment of government representatives on the Commission which has been, with minor changes, in force ever since? A. Quite so.

Q. In a pamphlet issued by the Hydro Electric Commission they state that one great difficulty was in getting a number of municipalities to act together and that was one reason

for putting it in a more unified control? A. It seems that that is obvious.

Q. You are aware that the present Act provides that two of the members may be members of the Government and that one must be? A. Yes.

Q. Have you considered whether it is desirable to eliminate government representation on the Commission? A. I can only say that usually I had to carry the responsibility for action and I did not think it wise to do so.

Q. You didn't think it wise to make any change? A. No, some have suggested that if the Government has a member on the Commission it gives him a certain measure of responsibility for assuring them of absolute control.

Q. Would there be anything in that? A. Not under the present system; of course the Government can control the Commission, I mean the appointment of the Commission.

Q. All the members are appointed by the Government. Sometimes they represent themselves as representing the municipalities.

Sir James Whitney refers to the Commission as being a Department of the Government but the Chairman of the Commission, Sir Adam Beck, says he does not so regard the Commission. There is a varied difference of conception of their position. It seems to be regarded in a different way?

A. Of course, they are in that position that to a certain extent they are trustees for the municipalities upon whom ultimately the responsibility lies. Naturally the Government would think very carefully before displacing men who were in that position.

Q. They are also in a sense trustees for the Government so long as the Government funds are in the enterprise?

A. Naturally, then of course the Legislature has to vote the funds and has to supply funds and in that way the Government has control.

Q. Has it absolute control? You know the Government would hesitate to refuse the request of the Commission owing to that fact? A. A strong Government never hesitates to do what they think right.

Q. Has there been during the time of the existence of the Commission, a tendency to consider itself a body outside the Government and one to which the Government should grant funds if they put in a request for funds? A. I do not just understand that question. You will find in all spending departments of the Government a strong desire to get funds to carry on their organization because these organizations loom large in the minds of the Deputy Minister or engineer at the head of the Department and whether it is a Commission or a Department of the Government the Government always finds itself up against pressure from different Departments to further the particular work that they have in mind.

COMMISSIONER HANEY: And in this case there are 300 municipalities affected? A. Yes.

TO THE CHAIRMAN:

Q. Don't the municipalities sometimes send down deputations to wait on the Government to suggest changes in the law?

A. We had many deputations. I do not at the moment remember a material request for changes in the law. There was a request for representation on the Commission, and there no doubt were requests that there should be no obstacles thrown in the way of certain works going ahead and that sort of thing. As I say, at the moment, I cannot report pressure for changes

in the law under those I have mentioned, but there may have been.

Q. What was the attitude taken by the Commission when your proposed a change in the law to wipe out the Commission and put the undertaking in the hands of a Minister of Power. I refer to the Conservative platform of 1911, and I just notice what is said there, "In view of the great good power is accomplishing and of the still greater advantages it is destined to confer upon the people, the Government has decided to make the Hydro-Electric System a branch of the administration, and to place it in charge of a responsible Minister. This is another step in advance."?

A. That policy which was one of Sir James Whitney's and I had just then come into the Government and had no part in the framing of that platform that was not carried out.

Q. Why was it not carried out? A. I presume the Prime Minister came to the conclusion it was not wise to carry it out.

Q. Was there any objection on the part of the Commission or members of the Commission to its being carried out?

A. There was no objection that I personally know of, but I have the impression that the then Chairman did not think it was wise to have it made a Department of the Government.

Q. That is Sir Adam Beck? A. Yes, who is the present Chairman.

Q. Do you know why it was proposed to adopt it in the first instance? A. No, I am not conversant with the reason that lead Sir James Whitney to come to the conclusion that it would be wise to do it. I just came into the

Government immediately before that election and had nothing to do with the framing of the platform particularly.

Q. Has anything occurred since, that would lead you to the conclusion that a change in the constitution of the Commission and its relation to the Government would be desirable? A. I have not given serious consideration to it and I do not want to express any opinions about something I have not considered and about facts with which I am not fully acquainted. I do not think it is fair or wise that I should express an opinion.

Q. Have you ever had cause to consider whether or not the representatives of the Commission should be chosen or appointed for a fixed term? A. That suggestion was made to me by someone and I can only answer like the others, that I did not see fit to do so while I had the responsibility.

Q. Sir James Whitney in discussing the financial responsibility says that the obligations of the Commission would not exceed ten million; now you see they amount to One Hundred and Sixty Millions would that affect your opinion as to the desirability of making any change? A. At the moment I cannot see any relation of the one thing to the other. Of course the Hydro Electric Development has far exceeded anything that was anticipated by anybody. It has certainly far exceed anything that Sir James Whitney anticipated. I considered it would be a great thing for the Province but it has been infinitely a greater thing than anyone at that time dared hope for.

Q. That is the reason, that in this plank of the platform in view of its great growth, for putting it in charge of a member of the Government? A. But the then great growth

that Sir James Whitney had in mind in 1911 was nothing compared with the greater growth that has taken place.

Q. Supposing another canal or tunnel is put in at Chippawa or the St. Lawrence Development is proceeded with, that would considerably add to the magnitude of the undertaking?

A. I believe it will go on developing beyond even what any of us anticipated.

TO COMMISSIONER HANEY:

Q. So long as water is available? A. So long as water is available, I think that the uses of electricity and the general benefits it confers will keep pace with the development. It is doubtful if the supply will keep up with the demand but I am not an engineer and am not familiar with the cost of construction.

Q. We find that even engineers don't know all these things and we find some other people know a good deal? A. That is quite true.

TO COMMISSIONER HARRIS:

Q. Some laymen have more vision than engineers? I suppose you have thought the same as some of us have on the question as to whether any part of Niagara Falls should be kept as a beauty spot? A. I have been told, and I am only speaking now of what I have been told, it is something upon which I am not in a position to speak, that not only from a beauty spot aspect but from an engineering standpoint it would be necessary for a considerable volume of water always to pass over the Falls so as to clear the ice and maintain a steady flow through there.

Q. I do not think the maximum has been reached as to what can be used? A. No, I know it has not. I have seen a

plan suggesting the creation of artificial islands and that sort of thing along the crest and it was said they rather increase the beauty than otherwise and at the same time permit of the withdrawal of considerable water; but that is not a point upon which I am in a position to express an opinion, and even if I could I would not want to express an opinion because it might come before the International Commission and I want to keep an absolutely free mind.

Q. The Americans ought to be just as anxious as the Canadians to take advantage of the flow of water at Niagara?

A. They no doubt are.

Q. Owing to the coal situation and our dependence upon the United States, speaking as a private citizen, I think we will be forced to do something? A. The coal situation looks to me as though it is going to continue to be a problem for us.

B R A M P T O N.

T. W. DUGGAN.

TO THE CHAIRMAN:

Q. Are you a member of the Commission at Brampton? A. Yes, I have been for a number of years.

Q. What is your opinion of the proposals that have been made to the Members of the Ontario Commission? Should all be appointed by the municipalities and the financial burden of the Hydro undertaking be borne by them? A. We are not in favor as a Commission or a Municipality, we think the Government and the Hydro Commission should not be divorced. We think considering the tremendous liabilities, which may even be increased in the future as the demand for future

power is made, requires that the Government and the municipalities should be very much interlocked and inter-related. I think it is better for the municipalities that it should be that way, there is a very large sum involved.

Q. Yes, the sums are large? A. Yes, very large and may possibly be larger.

Q. Have you thought of any changes which in your opinion would be desirable in the relations between the Government and the Commission, and in the construction of the Commission?

A. I think the municipalities should be directly represented. That is I think what might possibly be considered a grievance or objection might be very much done away with by a representative, being in the inner circle of those who are at the head of affairs. I believe in my own business affairs it is better to have an understanding with each other and that prevents not only improper action being taken but prevents misunderstanding of what action has been taken. The municipalities might not intimately understand things that might be done by a Board of such magnitude unless they had a direct representative as a member of the Board. I do not think the municipality should be in the majority, I think the Government should control but I think the municipalities ought to be fairly well represented.

Q. Would you say one out of three? A. Yes, or two out of five, according to the exigencies of the case.

Q. Would you change the number from three to five?

A. If the Board increases I think possibly it might be wise and then the municipalities might have an Eastern and a Western representative. There might be a divergence of

of interest between the east and the west and if there were two representatives it might be arranged in that way; otherwise I do not know that it makes very much difference whether we have one out of three or two out of five.

Q. As it grows is it not increasingly important to have a Commission composed of men who understand the subject they have to deal with? A. It ~~is~~ indeed. I presume a wise Government would not appoint anyone except the most capable man irrespective of politics, and then I think the way the municipalities could get at it if they decide to direct a blow at the appointment is at the time of an election, and I believe the interest of Hydro would be so great that no Government would dare to continue putting in men who are not capable and of outstanding ability rather than merely putting a man in to fill the office.

Q. You think self-preservation would lead them to put in a man of ability? A. That would be the proper thing to do and that would influence them.

TO COMMISSIONER HARRIS:

Q. If you made the representation geographically and had one man from the west and one from the east you would not be able to leave out the north, because that is the most difficult part of Ontario; they are so far removed, and the situation at Fort William and Fort Arthur has been the most difficult we have had to deal with? A. Yes, quite right, it might be possible to have a subdivision supposing we only had one representative. There might be a subdivision of three who would not be on the Board at all, but would meet together and advise and the one representative represent the whole Province on the Commission.

TO COMMISSIONER R.A.ROSS:

Q. Don't you think if you began to subdivide you would get into a parliamentary condition? A. It would be very difficult to say, without experience.

Q. If you had one representative it would be a link between all municipalities and the inner circle. It would be much better and then you would not have a cumbersome Board?

A. Possibly so.

Q. Because the bigger a project gets the more necessary it seems to me to have as small a Board as possible consisting of big men? A. I am always in favor of having as small a Committee as possible, I would rather have a Committee of three than five or seven if the work is not too large for it.

Q. That would apply to the Hydro Commission as well as any other? A. Yes, I think so.

Q. If the eastern municipalities and the western municipalities elected a number do you think the choice they would make would assure your getting the very best men for the Board; would they not likely choose some man who had been in municipal life and who qualifications might be more political than valuable to the Board? A. I have never been an active politician, but I have read and studied the question and I think there would be some danger there.

Q. That possibly would be offset by the appointment being made by the Government? A. It might be wise for the municipalities to submit three or four names and the Government after consultation with its' engineers might make a choice of one or more of these men. I do not think the Government would be inclined to be arbitrary or do anything

but try and assist in choosing the best men.

Q. Someone suggested yesterday that the Government might appoint two members and then leave those two members to select a third member from the Hydro staff; a man who had had wide experience and would perhaps be brought into contact with the municipalities in the course of his services?

A. I am not sure of that phase of it, but it does not look unlikely or anything but feasible.

Q. Have you considered whether it is desirable to appoint the members for a fixed term or to leave them as now at the pleasure of the Government? A. I do not think I would favor a fixed term, but I do not think a Commissioner should be removed except for cause.

Q. As it is at present one of the Commissioners must be a member of the Government of the day? A. Yes.

Q. When the Government goes out of office he is sure to be replaced by another? A. Yes. It seems to me that the Government ought to have a direct representative and perhaps a member of the Government where so much money is involved, but it is not necessary for him to be the Chairman.

Q. In a sense it gives them a sense of responsibility without the Government having absolute control? A. Yes.

A L E X A N D R I A.

DR CHENEY, Chairman of the Public
Utilities Commission.

TO THE CHAIRMAN:

Q. You come from the East end of the Province? A. Yes, the furthest east of the Hydro municipalities in Ontario.

Q. What can you tell us about this subject? A. I was sent

here by the Public Utilities Commission to speak on the question of throwing the financing on the municipalities. We protest very strongly against that proposal for this reason: we are situated there, as many other Hydro municipalities are also situated, in a sparsely populated district, and we have to bring our power a considerable distance as our transmission line is about thirty miles long and the result is we have a high charge for power. TO COMMISSIONER HARRIS:

Q. Where does your power come from? A. From the Cedar Rapids and from the Cornwall sub-station. We pay in the neighborhood of \$80 per H.P. and our only hope for having that reduced is to extend our lines to other municipalities. We are within six miles of the Quebec border. That makes us envious to a lot of people here for other reasons, but we are not so happy with regard to power. Our chief hope is in rural extensions. If we have to finance these extensions or if other municipalities have to do so it will practically eliminate any chance we might have of extending our lines into the country; whereas, if it was left as at present and the Government financed it there would be more chance of having the lines extended. Also it means 1% higher interest for the local municipalities if they had to finance this project.

Q. You find that is about what municipal financing would cost, 1% more than provincial financing? A. Yes, that is the experience we have had. We sell our bonds for almost 1% higher than the Province of Ontario.

Q. Your borrowings are comparatively small and the Hydro borrowings would be large? A. Yes.

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Q. If the municipalities had to borrow on their credit for Hydro extension and so on, I think the bonds would be more than 1%? A. It would be a good 1%.

COMMISSIONER R.A.ROSS: The bonds that would be sold by the Hydro Commission would be bonds presumably issued upon the security of the whole Hydro System and not on the municipalities, so that it would be a question of financing and selling bonds at a certain rate as between the Government and the Hydro.

THE CHAIRMAN: Of course there has been no concrete scheme submitted to us. I think Mr. Lynn spoke yesterday morning more in detail and he said the municipalities should be liable for the full amount of bonds for 25% of the amount of the cost of the undertaking in which they were interested.

COMMISSIONER HANEY: And a mortgage for the balance.

TO THE CHAIRMAN:

Q. However, you are opposed to any municipal financing?

A. Yes, we are. We are satisfied with the present arrangements as far as financing goes.

TO COMMISSIONER HARRIS:

Q. How did Alexandria come to get Hydro? A. We hadn't any power of our own and we went right after it.

Q. Did you approach the Hydro Commission? A. We first approached private companies and none of them would consider it. The Cedar Rapids Commissions line goes within 12 miles of Alexandria and yet we were using steam power and now we have to bring our power from Cornwall substation through Hydro.

Q. Is that the line that runs to Montreal? A. I believe

it also goes to Montreal.

Q. Although it runs within 12 miles of Alexandria the Cedar Rapids people would not supply you? A. No.

Q. It was claimed there had been an agreement entered into between Hydro and the Cedar Rapids Company by which they agreed to keep out? A. That was before that agreement took place, that agreement took place within the last five or six years.

TO COMMISSIONER HANEY:

Q. Where does that line run to? A. From Cedar Rapids and it crosses the St. Lawrence River at Cornwall. It is one of their main lines and it goes through the municipality of Lancaster and although the line passes right through Lancaster, yet Lancaster has to get its supply of power from five miles west of Cornwall - some thirty miles away. The reason for that is that the cost of building an international station would be greater than the cost of building a line from Cornwall down.

Q. How much power does Alexandria take? A. We take 200 H.P.

Q. You are not on the Chesterville line? A. No.

Q. You approached Hydro? A. Yes.

Q. Did they send on their engineer and make an estimate?

A. Yes, they did.

Q. What estimate did they give for the cost of power at Alexandria? A. They estimated that our cost of power would be \$53 per H.P. for 300 H.P. and that is the basis upon which we would get it today if we used 300 H.P. It is only two years ago that we became a Hydro municipality and we have not yet reached 300 H.P. A number of municipalities threw it up to Hydro that they were charging

them more than they agreed to charge. Of course, they do not bind themselves to give it at any price, it must be sold at cost, but when our municipality failed to come up to the amount of 300 H.P. they cannot blame Hydro for charging us sufficient to get revenue to pay costs and we pay \$80 now.

Q. If you wanted to take 300 H.P. today do you think you would be able to get that power for \$53? A. Yes, I know we would.

Q. How do you know that? A. I know what the total charge on that line that we are responsible for per year will be, that is the biggest charge and I know about how much H.P. it will take to meet these charges on the basis of \$53.
TO COMMISSIONER HANEY:

Q. You would be \$100 ahead if you paid for your 300 H.P. at \$53 in place of buying 200 H.P. at \$80, you are losing money by not taking your 300 H.P. One would cost you \$16,000 and the other would cost you \$15,900? A. There is no use entering into that, that is the estimate that the Hydro Commission gave us in 1919 and they figured them on the consumption of 300 H.P. they could deliver to us at \$53.50; the by-law was voted on 1st of January, 1920, and they built that line and you gentlemen know what occurred during the winter of 1919-1920; the price of all material advanced considerably and the Hydro engineers came to us in the spring of 1920 and they advised us not to build that year. They said the cost of material had advanced so much during the war that they would have to revise these figures. Our municipalities were demanding power and we ordered Hydro to go ahead.

Q. Then the inference would be that if you took your 300 H.P. you would not be able to get it at \$53 now? A. Yes.

Q. Because the installation was greater than was contemplated at the time? A. Yes, that is quite true, but we know now the exact figures that the line cost.

Q. Was not the estimate made on the increased cost of construction? A. Yes.

Q. Did not the price have to be raised? A. It would affect it, if we took 300 H.P. our price would be approximately \$53.50. It might make a little difference.

Q. It would pay you to take the 100 H.P. and pay for it?

A. We cannot do that.

Q. They won't allow you to do that? A. No, we must pay the cost of the line.

TO COMMISSIONER R.A.ROSS:

Q. The excessive cost of that line is included in your \$80?

A. Yes..

Q. It would be included in the \$53? A. The cost of delivering the power to us would not be any greater. The only additional cost would be our share of the power purchased at Cornwall, and is only \$15 per H.P.

TO COMMISSIONER HARRIS:

Q. Chesterville and Winchester made a similar contract to you? A. Their situation is different, they finished up with a different proposition than what they entered into.

TO THE CHAIRMAN:

Q. There was one place beyond them that was to have taken power that did not take it? A. They originally took power from the Beach Company at Morrisburg, and then they switched onto the other system and went to Cornwall and they had to

bear their share of the cost to Cornwall.

COMMISSIONER HARRIS: Hydro gave them an estimate of what the Hydro would cost if they took 100 H.P. or 200 H.P. and we have had cases where they actually stated the amount of power they would take. And the price they are charged exceeded the price that was estimated by 100%?

A. They must be able to find out the exact cost of delivering that power to the municipalities and that is the basis of the whole contract.

Q. They asked Hydro to supply it to them; you have not any other municipality that can take power off your line?

A. We have a proposition to extend the line to the town of Hawkesbury. Of course they have a water power at Hawkesbury.

Q. Do they get their power from Quebec? A. It is developed in Quebec. They take about 5,000 H.P. but the water in the Rouge River is becoming so low each year that last winter their supply was cut in half.

Q. How far is Lancaster from Alexandria? A. About 22 miles by air-line; about 25 miles by road; that is our chief hope, to get the town of Hawkesbury to take power but the town of Hawkesbury is financially embarrassed, and I am sure if they wanted Hydro in Hawkesbury and had to finance the proposition it would never go through.

Q. That would relieve the situation for you if Hawkesbury would take from Hydro? A. Yes, I understand they have asked for figures on 1,000 H.P.

Q. When you add that to the load then you have got to supply the capital to build the transmission line? A. Yes.

Q. That has to be capitalized and paid for on the cost of

the power? A. Yes.

Q. I do not suppose they could give Hydro a price on the power that would be less than \$50? A. I do not know that, they can take 1,000 H.P., and adding that to ours would make 1,200 H.P., which would make our price come down.

Q. Are there any other municipalities that would take any power? A. Yes, four little villages, but they would not take more than 50 H.P., but they would pay their share up to a certain point. We are really carrying the bulk of the cost of the line at the present time.

Q. Is Hawkesbury partly on one side of the river and partly on the other? A. No, it is all on the Ontario side. The Riordon Pulp Mills are on the Ontario side but they purchased the Pearly Lumber Mill which is on the Rouge River on the Quebec side, but the Riordon Pulp Mills are altogether in Hawkesbury.

Q. Then you made a statement that the rural demand would help you out? A. Yes, it would, provided there were sufficient rural extensions put through.

Q. Of course you understand a rural line would not take a large amount of H.P. They would not take more than 10 or 12 H.P. per mile and that would add to your cost tremendously?

A. Yes.

Q. That would not relieve you? A. Each extra H.P. they take would relieve us.

Q. You pay the full cost of the line between Alexandria and Cornwall? A. We pay three-quarters of the cost. If there was also extension built from Alexandria and the people took 10 H.P. it would directly benefit us because they would take one-tenth part of our line; a farmer will not use 3 H.P.

Q. He has to pay the minimum charge on 3 H.P? A. No, he would not pay \$340. he only pays a service charge of about \$57. To consume 3 H.P. it would mean the operation of a 3 H.P. motor ten hours a day, but a farmer won't average ten hours a day so that he only pays for what he uses in addition to the service charge.

Q. We have a great many complaints from rural users as to the price they are being charged? A. How can you help it?

COMMISSIONER R.A.ROSS: Whatever additional amount of power comes over your line is charged proportionately with the cost of that line and therefore if it is only 1 H.P. it will reduce your charge to that amount?

A. Yes, exactly.

Q. You applied to private companies before Hydro come into that district and you couldn't get power? A. No.

Q. The only source from which you could get power was Hydro? A. Yes.

Q. Would you do without power rather than pay \$80?

A. No, I do not think there is one person in town who would do without it, we knew we would have to pay a high price before we went into it. On account of the way we are situated there it is impossible to get manufacturers to go in there at that price. A question has been mentioned of an equalized rate; personally I do not know how that equalized rate could be arrived at and I think we would all be paying a good deal more than we are now paying, on an equalized rate. A proposal I saw once, which appeared to be the best, was putting a tax on each H.P. developed in the Province, of \$2 or \$3; it would not affect the price of power for these municipalities that have cheap power now, and

with that revenue bonus any municipality that paid over \$30 per H.P. for their power, to the extent of 50% of the excess. That would help out the municipalities that are paying an excessive cost.

Q. Then when you get the St. Lawrence power at your door you would not want that? A. We cannot sell the power we have now, why develop more?

Q. The people at Niagara tell us they don't want anything of that kind; other people say they do want it because they are far away and they have to pay very high rates on account of the cost of transmission.

COMMISSIONER HARRIS: The developing of the St. Lawrence power would not affect this situation because they are now buying power from the Cedar Rapids at \$15?

A. No, they could not develop power for \$15.

TO THE CHAIRMAN:

Q. Have you anything further to say? A. No, nothing more than the appointment of the Commissioners, we feel the Government should keep control of the Commission just as at present but I am not prepared to give a very strong opinion on that. I know there has been a number of objections to Hydro methods, but I maintain that almost every one of those objections are from towns situated such as we are, where we are on the end of the transmission line and we can never expect to have cheap power.

Q. Have you discussed the matter with Mr. Casselman?

A. No, I have not any more than I was present at your inquiry at Cornwall and I was pretty well acquainted with the situation at Chesterville and Winchester and I do not see that they have any kick.

Q. Is the Wagon Works at Alexandria now? A. Yes.

Q. Do they take electric power? A. They run part of their plant by electric power, they have a branch in Orillia and they run partly by steam there and they have cheap power at Orillia.

Q. That is a municipally owned power? A. Yes, they only pay \$15., and they operate partly by steam and partly by electricity. They have to have steam for their dry kilns and they have a lot of refuse to burn up.

T. W. MCGARRY.

TO THE CHAIRMAN: Q. The questions before us just now are embodied in resolutions passed by the Ontario Municipal Electrical Association, which read as follows:

" THAT this meeting of representatives of the Municipalities of the Niagara System engaged in the development, transmission and distribution of electric energy as a municipal undertaking, desire to place ourselves on record as believing the time has come to take such steps as will relieve the Provincial Government from all financial responsibility and place the administration and control of the Hydro-Electric System in the hands of the municipalities who are owners and are financially responsible for the undertaking."

W. We have notified the difference Commissions and municipalities, and have asked them to come here and make any representations they wish on the subject, and we have heard a number of them. Have you any opinion as to whether it is feasible or desirable to have all the financing of the Commission done by the municipalities and the province relieved of its obligation?

A. My opinion is that that is entirely a question for the Government, and it is one that, in view of the election coming on, I do not think it should be decided by this Commission. I am saying that without any personal feeling at all. This is not the first time that question has been up before the Government. It has been before every Government since Hydro was first organized.

Q. When was it first brought up?

A. I can recall it being up the first year I was in the Cabinet, in 1915. I went into the Cabinet in 1914, and the question was raised in 1915. I think it is entirely

one for the Government to decide. I do not think the Government should delegate any authority whatever to any Commission. This is a question entirely of Government control and Government finance, and it should not be decided by any tribunal other than the Lieutenant-Governor in-Council.

Q. We do not decide the question at all. We hear all the parties and then report to the Government?

A. Quite so.

Q. They may reject our advice or not?

A. I am not objecting to your hearing the matter, but I say you should not ask the opinion of any person like myself who might be on the political platform in a week or two.

COMMR.HARRIS: Hydro is out of politics, and we want to keep it out of politics.

A. That is what some people say, Mr. Harris. If I did not read the newspapers I would not know that my friend, Mr. Gregory stated that the Hydro Electric was Conservative from the time of its inception until 1919. I agree with you, but having heard that statement made by the Chairman of your Commission I am very much afraid Hydro-Electric is in politics.

Q. Was that something said here yesterday or the day before?

A. I read it in the newspapers; you had some witness in the box, and you asked if it was not a fact that Hydro was not Conservative from the time of its inception until 1919.

TO THE CHAIRMAN: Q. It is said the representatives should be chosen by the Government without reference to their politics, and I think it was mentioned - I don't know

whether I made the statement or not - but the statement was made that the members of the Commission are likely to be in accord largely with the Government of the day, and they had been members of the same party from the time of its inception?

A. I take no objection to your statement in any respect, because Hydro has had a splendid record during these years, I am speaking quite impartially. I am not the censor of this Commission, but I have decided views on all questions, and as to the propriety of asking me to give my views since this question is now becoming a political one, that is all. What I say is that the House in Session up-stairs and it is the duty of the Government to give its decision on this very question.

Q. The matter has not come before the Legislature?

A. Yes, I saw in the papers where Mr. Ferguson was asking how long you were going to sit.

Q. I mean the subject of this resolution?

A. This resolution was sent to the Government.

Q. No, I think not.

A. I imagine it would be.

Q. Mayor Maguire told us it was proposed to take the matter up after the Session was over.

A. It was intended for the Government? Why does this Commission take it up?

Q. We have to take the matter up.

A. By virtue of a request from the Government.

Q. By virtue of our commission from the Government.

A. Then I say my opinion is still stronger, that a Government cannot delegate its duty to this Commission.

Q. We have no special request from the Government to take this matter up. It simply comes within the scope of our enquiry.

A. I was here the first day you were sitting, and I listened to Mr. Guilfoyle giving evidence as to the amount of money invested in Hydro for a couple of hours. When I was Treasurer all I would have to do to get that information would be to call in my Auditor and ask him how much was invested in Hydro-Electric, and I would have the information in one minute, and yet I sat here for nearly two hours on Monday listening to this man giving evidence as to how much was invested in Hydro.

We had the same argument from municipalities back in 1915 and 1916. Mayor Maguire was then a Controller, and I recall he was present when the argument was made, and their request was somewhat similar to the request that is being made here. The Government had to decide the question as a Government. They did not delegate it to a Commission and they could not delegate it to anybody. The main point of my argument is that all the facts in connection with Hydro are known to the Government. There is nothing they can learn from anybody with regard to the question you are considering here today.

Q. The reason we had the financial situation brought out is that it is not contained in any special Government report. We want the municipalities to know what the financial responsibility amounts to and we want to be informed. And I think it is a very interesting subject, and it was very impressive?

A. It certainly would impress most of the gentlemen present as to the amount of money involved.

Hydro-Electric in its early days was entirely a transmission matter. There was no intention on the part of Hydro to go into the generation of power. There is no doubt the Hydro Commission was very ably constituted

and very wisely constituted, and now they are asking you to change that, with what object I am not going to say.

COMMR.R.A.ROSS: We have a reference from the Government which asks us to let them to know what changes we would advise to be made, and what the records of the Commission show. They want to know whether they have acted wisely, so they can have confidence in them in the future. We have before us a resolution passed by the Hydro municipalities. We cannot decide for the Government. You know that perfectly well. All we can do is put in our report on the evidence as reported?

A. If you would stop at that, but what I say is you are getting a lot of opinions on the question, and you are practically inviting the Government to look over the opinions of different people in the Province, as to what they would do if they were the Government, and I say that is fundamentally wrong.

TO THE CHAIRMAN: In the multitude of council there is wisdom. Whom would we be more likely to call on than you to help us out?

A. That sounds very well, but under Constitutional Government the Lieutenant-Governor is supposed to choose his advisers from the most enlightened men in the country, but I won't say that is always followed, but he takes all his advice from his Ministers. What I always did in my Department was to send experts to gather information, and then I would decide for myself, because I knew it was my duty to decide on what I ought to recommend to the rest of the members of the Council. The Hydro Electric Department is, I presume, under the Attorney-General's Department?

Q. No, it is in the Premier's Department.

A. Well, still a broader man, and with more brains than the Attorney General, from what they say. Now, then I

would imagine that the Premier is in touch with the officials of his department and with his own Hydro Electric Commission, and he would have his own experts gather all this information.

Q. That is a matter that you will have to take up with the Premier. We have been appointed to get this information. Whether it is right or wrong it is not necessary for us to enter into?

A. What I was going to say is that I would prefer not to give any opinion at all.

Q. We are not going to try to force any opinion from you.

A. That is what I mean, I am not going to give any opinion. I want to feel free to criticise the other fellow and therefore I would not like to give an opinion.

COMPTON R. A. ROSS: Perhaps ^{we} might say this "We do not find it so easy as you have indicated to get at the facts in the Department over which you were supreme?"

A. It may have degenerated since I was there. Now when I was there I had all the facts.

Q. We think the same system has continued.

A. I am not saying anything against my successor, but I have some diffidence in giving information because when I was in British Columbia I read an interim report that this Royal Commission made, and although I had offered some information to them as to the rate of interest, you very gravely doubted my opinion with regard to the rate of interest. You had a right to doubt it, but that gives me less confidence in coming before you.

Q. Notwithstanding that, we ask you again, and perhaps we shall have better luck this time?

A. I might have answered that by pointing out that the

Government borrowed money last year at four percent, and you gentlemen said in ten years they might not be able to borrow money at four percent. You forgot the ingenuity of the Provincial Treasurer and the Minister of Agriculture. They are borrowing money now at four percent. I prefer not to give an opinion. I tell you that candidly. I have a very high opinion of you gentlemen, personally, but as a Commission sitting on this question, I entirely disagree with your right to decide questions of policy for the Government.

Q. We are not deciding, we are giving them our opinion.

A. I am not finding fault, I am trying to put the responsibility where I think it belongs. I had four and a half years in the Government, and I was subject to criticism on many subjects, sometimes I thought undeserved. I do not propose to let any Government get away from criticism for what it does.

Q. I do not suppose they can get away.

A. Look at the situation. There is an election practically on. You, Mr. Chairman, are an old stager, and you know politics, and you know that once people get excited over politics, it is not a good time for a Commission to make a report on the subject of the question of the policy of the Government. And I think you should not make your report until after the election is over, when feelings have cooled down and the people are in a receptive mind.

Q. It is certainly the wrong time for us to attempt to get testimony from you?

A. Absolutely so, and I would have told you that on Monday if you had called up. I wanted to come up here and meet a friend of mine, but I won't give you any opinion on a question of policy.

COMER.HARRIS: Notwithstanding the fact that the Resolutions were passed at the Annual meeting of the Ontario Electric Association, apparently they were not unanimous, because we have had several representatives and they do not agree with these resolutions at all.

A. Quite so, I do not approve ^{of} the Resolutions being passed at this time, I think they bear closely on politics, the same as a report from you would bear on politics.

Q. You would have the same criticism?

A. Yes, here is a political matter practically coming from a Municipal Association. I do not believe they meant it at the time, but I think it was intended to be semi-political and I think your report would be entirely political if you made one now, no matter which way you decide.

COMER.HANLEY: It might ease your mind to know that this enquiry was decided upon long before we knew there was to be an election?

A. Quite so, and if I had been a witness long before I knew there was going to be an election I might tell you something.

Q. We have taken you at the wrong time?

A. I have no particular desire to give you my opinion.

Q. We might have got your opinion when you were here before?

A. I was very generous with my opinions at that time, but I find they were not received.

Q. They were discounted to some extent?

A. However, I am not finding fault with that, I will argue that question when I go on the platform. As to the rate of interest I thought I put up a good case, but

you did not seem to be receptive.

Q. We might get some light later on?

A. That might be, time is a great cure for most of us. I have two or three years yet to go before we will be able to see whether I was right or you were right, and I am willing to wait.

Q. Is there anything else you want from me?

THE CHAIRMAN: I think not.

D E L O R O.

S. B. WRIGHT.

Our case is rather peculiar. I come here to ask for information more than to attempt to give you any views on the subject you are investigating. As a matter of fact our village, our municipality, does not deal with Hydro. The Deloro Smelting Company has a contract with Hydro, and since that contract was made the village was incorporated. The Company still has the contract with Hydro and we have nothing to do directly with the Hydro Electric Commission. I was just wondering if anything was done in connection with the control of the finances being taken by the municipalities how it would affect us. Our municipality is not purchasing power from Hydro, but the Deloro Smelter is supplying the village with the necessary current at a fixed price.

Q. Does that contract extend for a long while?

A. The present contract runs for two more years, until

until 1925.

Q. I suppose the Deloro Smelting Company are big users of power?

A. Yes.

Q. Have they permission from the Hydro to re-sell to the municipality?

A. Yes, they sell us sufficient for lighting purposes. There are no other power users up there. The Seymour Power Company built the transmission line. Our proposition is this, we are a very small municipality is only four hundred. We had to secure a special Act in order to become incorporated.

Q. Was not there a book written about your municipality?

A. There was an article in one of the magazines not long ago. The old Deloro mine was a gold arsenic mine.

TO MR. LUCAS: Is your power costing you too much?

A. We think it is. We do not understand recent figures given out by the Hydro Commission. There was an item showing a loss of \$20,000 odd dollars up to the end of our previous contract. The Seymour Power Company always claimed that our line was the best paying of the lot, and their price was much less than our present contract.

Q. What are you actually paying for light?

A. I am representing both the Company and the village? I am Reeve of the village and manager of the company. Our transmission line comes from Campbellford and is about 23 miles long. We take about 900 H.P.

Q. Did the Company put in the distribution line?

A. From the sub-station, it was built on our property by the Seymour Company at that time.

Q. Who are the residents of the village?

A. Entirely our employees, the village is owned by the Company, and the houses belong to the Company.

COMMR.R.A.ROSS: Are you speaking for the village or the Company?

A. Both, I want to know where we stand.

Q. How much are you being charged for H.P?

A. \$29.00. We can use it twenty-four hours a day.

Q. What are you charging the inhabitants?

A. Cost, we do not make any profit out of it. We have the meters ready to go in.

Q. What are you going to charge by the meter rate?

A. The same as we do now, I will take that up with the Hydro Commission. We were the first line built by the Seymour Power Company in that district.

Q. Is your contract renewable?

A. We are on our second contract now, Our first contract was for ten years, and when it terminated we made a new contract with the Hydro Commission.

Q. Which terminates in 1925?

A. Yes, but it goes on unless notice is given.

Q. The village is better off with an arrangement of that kind?

A. I think so. As far as we are concerned, the arrangement is alright, but we want to know where we stand in the event of anything being done with regard to the municipalities in the future.

Q. The matter has not been dealt with by the Legislature yet?

A. I understand that.

TO COMMR.HARRIS: When you put in meters, what do you propose to charge?

A. The standard rate which the Hydro Commission advised the village of Marmora to charge, it is a comparatively low rate for the current.

Q. It is largely a family matter at the present time?

A. Yes, we are just charging a flat rate at present.

Q. The village depends entirely on the operation of this smelter?

A. Absolutely.

Q. If the village had to make a standard form of contract they would still go ahead with that liability?

A. That is the point. If anything happened to the smelter,

the village would be non-existent. The only point was whether it would be necessary for us to hand over the contract to the municipality .

COMMR. R. A. ROSS: I do not think it would make very much difference if it were put on a Hydro basis, because the cost of the transmission line would be charged up to the smelter very largely, and the additional amount of H.P. taken over by the municipality, would not be such as to make their cost higher than they are charged today.

A. No, it was more a question of what position the municipality was going to be in in the event of the smelter shutting down if the municipality was saddled with the contract.

Q. What difference would it make? You own the municipality and the village and the plant, and they are all in one? You are Manager of the plant and Reeve of the village, and a tax-payer as well?

A. Yes, that is true.

SIR ADAM BECK.

TO THE CHAIRMAN:

Q. Did you read the resolution passed at the annual meeting of the Ontario Municipal Association?

A. Yes.

Q. What do you think of it? A. Well, Mr. Chairman, I am very loath to express my opinion on the matter. That I consider is a matter entirely of policy and a matter that concerns entirely the municipalities and the Government. I may say what I heard the previous witness say that I cannot realize why this Commission should enter into a matter that is not a matter of operation and construction or that affects the success of the undertaking or the Commission's handling of it - it is purely a matter of policy.

Q. Surely, Sir Adam, the question of whether the Province shall be relieved of its financial liability and that liability placed upon the municipalities is a matter of some importance? A. I think it is entirely a matter of the responsibility of the Government in dealing with it, and if you will let me go on for a little while in my own way, I will be able to tell you. I know you are averse to my giving my opinion in these things, and you are very much inclined, when I give evidence here, to take out certain sentences and leave the rest as if unsaid and undone.

Q. If we take out any sentences and take them away from the text, please let us know? A. I have some other work to do and cannot spend my time in doing that, and with all due respect, I am not going to do that. In the

last report where you dealt with Windsor, and the way you use my statement, and the way you deal with that matter, I think your conclusions are not based on facts. All these things make me very dubious about giving any evidence before you. You realize my position. To begin with, I am a member of the Commission appointed by the Government of this Province, and I am to be Chairman of that Commission. I have been identified with it for twenty years or more, since 1903, when I first became a member of the Commission. It originally was an undertaking for the municipalities. The only difference is the financing and the appointing of the Commission. At that time, I think the Chief Justice appointed the Commission, and the municipalities were to finance it. It would be presumed that I would have some impressions of what might be important as to the mode of appointing an administrative body. It would be presumed that I would have some ideas of whether or not it could be financed on the part of the municipalities as suggested in that resolution, but being a member of the Commission, appointed by the Government, and it being a matter of policy entirely on the part of the Government, as a Commissioner I feel that my authority and my duties are as a trustee to carry out the administration of the undertaking in accordance with the Act, which sets out our duties very clearly. We have had a great deal of experience since we have been operating the system and having evolved it, and have had a good deal to do with it in creating it. The Government, of course, has the final decision on all these matters. In view of all that, I feel that I would expect that the Government, when it decides to

consider the matter, would ask me to confer with them and counsel with them, as I have always done, and give them my views and my impressions when they are dealing with it. As it has been said by a previous witness, we are on the eve of an election, and it might be a matter that the Government would not care to deal with at this time. When I say I would expect to be consulted, I mean that if the Government of today does not deal with it, the Government that would be in power and in control of the affairs of the Province after the election is over, in a matter of six or eight weeks, would deal with it.

I have been reading the evidence, and you had before you yesterday bankers and distinguished men, some of them probably luke warm as to this whole undertaking. Most of them, I imagine, were advising strongly against any such thing being undertaken or created, either by the Province or the municipalities because they predicted failure and bankruptcy to everybody if it was undertaken. These men were here, and that is largely the evidence you have got opposed to this resolution.

Q. I am afraid you have not read the evidence because we have not had any bankers before us? A. Financial men.

Q. I think about nine-tenths of our witnesses have been representatives of the municipalities? A. You had bankers; I know my old Colleague on the Commission is a President of a bank; I don't want to be personal about it.

Q. Do you say we should not have called your old colleague? A. I am saying that the men that gave this evidence used my name not very politely - I am not going to mention any names. These men were absolutely opposed

and advised against this whole thing. A man on your Commission advised against this whole thing at the time it was undertaken. Men have given evidence here who were openly opposed, and did all they could to defeat the bylaws, and if we had been defeated, the whole thing would have gone up, and there would have been no such thing in existence and you would not be sitting as a Commission taking evidence on a matter that would have no existence and would not be in being.

In view of all these things, and in view of the last report of this Commission that was issued while I was away, on the Windsor Railway, and with which I entirely disagree and in which you go so far as to say that we have not statutory authority to do what we did do, although we had four orders-in-council authorizing it, and if you had taken the trouble to inquire at our office, you would have found that out. When things like that appear, Mr.

Chairman, it makes one rather leary to spend time and energy in doing what we can. No one wants, more than our organization, to have the people whom we serve and whose trustees we are, know the actual facts of what has been done in connection with our work since 1916 when the Act was put on the Statute Books and the Commission was created. It is a matter of personal regret to me that we are being put in the position we are in today. I come to you and I want to tell you candidly and frankly that I do not think this is a time that I should be asked or that I should consent to answer, if it is in my power to refuse to express my opinion as to what the policy of the municipalities or the Government should be in regard

to the appointing of an administrative body and the financing of it in the future. This is a municipal creation. It was done by the vote of the people; they created it.

The vote of the people was based upon certain legislation that was upon the Statute Book of this Province. The agreement provided for the appointment of a Commission and that the financing should be done in a certain way.

Certain obligations were to be undertaken by the taxpayers who were entitled to vote on money bylaws.

I would not presume for a moment that any change should take place in any of these matters without a vote of the people. In view of all these things, I am disinclined this morning to express any opinion whatever on this matter.

Q. This is one of the matters, as you know, referred to us. It is a matter that we taken up in pursuance of our appointment, and we have got to report upon it. The responsibility in the matter must always rest finally on the Legislature of Ontario? A. No, - and the municipalities who are contracting parties, unless you are going to make scraps of paper of the contracts.

Q. Just one moment? A. Unless you are going to make scraps of paper of the agreements.

Q. The Government have asked us to report upon these matters, and to tell them, what in our opinion, is the right course to take. Before making that report, we wish to hear from all parties, and particularly from those who have had experience. In the first instance, you introduced the Act in the Legislature? A. Yes.

Q. Which provided for the establishment of the Commission in this way and you have taken a very leading part in the

matter in the Province, and you are the man to whom we would naturally turn for information, because no one can be better qualified than yourself, to tell us whether or not the method that has been followed for so many years in the appointment of the Commission, should or should not be changed. That is a matter that will come before the Legislature, and naturally they want to have the fullest information on the subject before action is taken.

A. I have given you my reasons why I am loath to give any evidence here. I have a perfect right to my own conviction in that matter.

Q. You would hardly go so far as you apparently have gone?

A. I do not think your findings are based on facts; that is what I tell you, and I do not think my evidence has been treated in the manner it should have been.

Q. That nevertheless does not lessen our responsibility?

A. No, but you are asking me to give evidence.

Q. We are responsible for what we do, and I do not suppose it is necessary to enter into a discussion of what has been discussed so frequently before us. We have to report upon this question, and it is our duty to get before us those men who are best qualified, and who have a knowledge of the work, to advise us as to the course that should be taken, and no one is better able than yourself to do that.

That is why I ask you whether, in your opinion, it would be desirable that the method that is now being followed, should be changed and the appointment of the members of the Commission made by the municipalities instead of by the Government? A. I am telling you I am not prepared to express it.

Q. I think you are? A. I am not prepared to express it.

Q. I would not be inclined to go so far as to say we should force one to express it because an enforced opinion is not, as a usual thing, a good opinion. Legally we have the right to ask the question and require an answer from you?

A. That is all right.

Q. And the fact that you are a member of the Commission, it seems to me, is not only no answer why you should not answer, but a special reason why you should answer, and that is why I ask you to answer? A. I have given you my conclusion.

Q. Do you say you refuse to answer the question? A. No, I say I am not prepared to answer. I am not prepared to tell you what I think the Government should do at this time.

Q. It is not a matter of the Government? A. Are you going to decide it; you say it is for the Legislature.

Q. The Legislature will have to decide? A. Well, I suppose the municipalities will have to decide because they are the ones that are affected entirely.

Q. No doubt members of the Legislature represent municipalities on the floor of the Legislature?

A. I know. There is no Legislature that will deliberately tear up legislation or break an agreement without the vote of the people. I have told you that I expect the Government will want to know my opinion if they are going to deal with it, and I am quite prepared to give them the benefit of my experience, and I will expect sufficient time to prepare myself to give an intelligent and conclusive answer as far as my ability will permit me.

Q. The Government has issued a Commission asking us to hold an investigation and report to them our conclusions, and we wish to hear all the evidence that will be helpful?

A. I think my position entitles me to be considered by the Government when they decide to deal with this. They have sufficient confidence in me to deal with them.

Q. In the meantime, they have asked us to conduct an inquiry into this question, and we ask you to state what reasons there are, if any, why this change should be made?

A. I am telling you I am not in a position, and I am not prepared to do it at this time.

Q. No one is more in a position to form an opinion than yourself? A. You think it is a very light matter to deal with.

Q. No, I don't, but I think a man who has been a member of the Commission for seventeen years should be able to express an opinion? A. Yes, I would expect my opinion to have some weight.

Q. That is one reason, and a special reason why we desire it to be expressed? A. I do not think it has had reasonable consideration so far.

Q. Do you refuse to answer that question? A. I say I am not prepared to answer it.

Q. That is the same thing? A. I have not said I would never answer it, or would not answer it.

Q. You say you won't answer it now? A. No, I prefer not to.

Q. What about the financial responsibility? A. It is in the same position.

Q. Do you say the same thing as to that, you won't answer?

A. I am not going to express an opinion on it.

Q. Can you say if you have changed your mind from the time that you introduced the bill which established the Commission? A. What reason have you to think or conclude and presume that the Act as drawn and the condition under which we have been carrying on this work, was in accord with my views and ideas entirely?

Q. Because you introduced it into the Legislature and urged the Legislature to ratify it? A. You know enough about the procedure of the Legislature to know that members introduce Acts that do not concern them or their constituency. I had been asked to become Chairman of the Commission, and the Government asked me if I would sponsor the bill that the Government decided upon, not I, that was not my bill, that was the bill of the Government of the Province of Ontario, and there may have been a great many features in it that I did not agree with.

Q. That is just why we ask the question? A. Because I introduced the bill in the House does not say that I was entirely in accord with it or that I am of the same opinion now.

Q. I am not familiar with the proceedings of the House except in a very general way, but perhaps I may be excused for being of the opinion that if a member introduced a bill and advanced it on the floor of the House and asks the Legislature to ratify it, he believes in it himself?

A. I suppose that means that Cabinet Ministers are always of one mind in everything they do. Cabinet Ministers bring down various bills which are introduced because of a decision or conclusion of the cabinet.

Q. Are we to conclude from that, that you were not in accord with this bill? A. Not at all, but I tell you I might not have been, and I might have been quite in accord with it, and I might think it should have been amended.

Q. That is just what I want to find out, whether it is possible to make any amendments to the Act? A. In what way? I am not prepared to tell you that. I think it is one of the most extraordinary things that you should ask me to come up here and tell you what we think the policy of the Government or municipalities should be with regard to vital matters of this kind. I am merely a trustee carrying out the authority that is vested in us as trustees for the municipalities.

Q. I was under the impression that you often made statements of policy as to what you thought ought to be done or should not be done? I may be mistaken, but if you have been correctly reported in the papers you have done so? A. Yes.

Q. I see no reason why you should not continue to do so?

A. Well, that is where we differ.

Q. Although we have the right to compel answers to questions -

MR. LUCAS: I doubt that very much, Mr. Chairman. You have power to ask for evidence but not to enforce opinion evidence.

THE CHAIRMAN: Enforce answers.

MR. LUCAS: I would differ very sharply and distinctly with you there. You have the right to inquire as to facts, and opinion evidence of a voluntary matter.

THE CHAIRMAN: If it is not voluntary, it is not worth anything.

SIR ADAM BECK: When they say the municipalities cannot borrow money, and the City of Toronto has borrowed one hundred million, if that is evidence, I don't know.

Q. Is that your experience? A. I will expect the Government to ask the Hydro Electric Power Commission to give their opinion before they take any action.

Q. And they are taking this way of doing it? A. I don't know.

Q. You told us just now you would be quite ready to express your opinion? A. I expect the Legislature will be asked to deal with it next week.

Q. They certainly won't get our report in the next week. Has your experience as a member of that Commission led you to the conclusion that any changes whatever should be made in the present constitution or method of forming the Commission? A. Well, Mr. Chairman, you repeated what you gave to me wholesale, and now you are going to give it to me retail.

Q. Perhaps I might be more successful in dealing with you in a retail way than wholesale? A. I think you have many ways of getting information that will probably enable you to decide without my giving you any off-hand opinion. I would advise you to go and see how Manitoba is coming out in their Hydro Electric undertaking.

Q. Sir Adam, perhaps it would be as well for you to answer directly; will you answer or not? A. I did answer your question a half dozen times.

Q. I was not aware of that? A. I think I did.

Q. I ask you again? A. I told you I was not prepared to make any statement upon the policy of the Government in dealing with this matter that you have referred to, or that the municipal association passed the resolution upon.

Q. I asked whether from your experience as a member of the Commission? A. I said I am not prepared to answer you.

Q. You think no change should be made? A. I am not prepared to answer you at this time.

Q. Have you, as a member of the Commission, made a statement as to the policy of the Commission, without it having been considered by the Commission? A. I have told you on a former occasion that any of these statements I made, I made personally.

Q. Is that a proper thing for the Chairman of the Commission to do: to announce the policy of the Commission personally? A. I never announced the policy of the Commission until the Commission had dealt with the matter, not to my knowledge.

Q. A short time ago? A. I have never attempted to speak for the Commission.

Q. Some days ago there appeared a report of a statement you had made regarding the St. Lawrence development in which you said that you believed in the development there and if/secured the concurrence of your colleagues, you would go ahead with it? A. No, not go ahead with it; we have to make recommendations, and after my colleagues have got all the data and information, if they concurred with

me, we would make application, and if they did not, we would not.

Q. Do you think it right for you, as Chairman, to announce a policy with regard to the St. Lawrence? A. Not a policy at all. It was not a matter of policy; it was a matter of a feasible scheme of increasing the power development all over the country. I had been merely asked by manufacturers and others where they were going to get power, and I made the statement that that was where it could be done, in my opinion. If you consider that going over the heads of my fellow commissioners, I differ with you; I did not do that. I don't know how I was reported, but I know what I said.

Q. You announced the policy? A. No, I did not. I had no policy at all, nothing to do with policy whatever. I knew there was a shortage of power, and we have been asked by municipal representatives back and forward and councils have been passing resolutions and so on, and I have been asked to speak to them and tell them where they were going to get power, and I have told them where I thought there was power available and how it could be utilized, but I did not presume to say that was going to be the policy of the Commission.

Q. It was stated that was what you thought the Commission could do? A. Have you any objection to that? Have you any right to object to what I say publicly? What are you concerned about my talking to the public?

Q. I do not think anyone can stop you talking policy whether they want to or not? A. No, I do not think they

can, as long as I am truthful and conscientious.

Q. Wait a moment, and give me a chance to say something:

It would seem to me that it would be well to bring it before the Commission of which you are a member, before announcing a policy? A. I am glad of your fatherly advice and I will consider it in the future.

Q. We are making some progress then? A. Yes.

Q. In the matter of the entrance of the radials to the City of Toronto, you announced the attitude of the Commission on that, last December in the campaign?

A. The entranceⁿ was voted upon and the plans approved and adopted.

Q. You announced what the Commission would do; was that ever brought before the Commission? A. They would carry out the vote, and the plans were voted upon when the radial matter was submitted to them.

Q. At that time there was a good deal of discussion about the number of tracks; was that ever considered by the Commission? A. They are all shown on the plans.

Q. Was it ever considered in the Commission? A. The plans were approved by the Commission and were submitted to the people.

Q. So that the whole matter was dealt with by the Commission? A. I don't know how it was dealt with.

Q. Or did you just make it up yourself? A. The plans were submitted. We were merely there to secure plans from our engineers on that entrance, on a right of way or route of a certain number of feet in width, and these plans were adopted by the City and by the City Engineering

Department before we could go on with anything of that kind. We had all that before us; we were all present after the plans had been submitted, and the Harbour Commission submitted plans. They were all there from the Chairman down, when the matter was discussed and agreed upon.

Q. So that, in making this statement of what the Commission required, you were speaking for the Commission as well as yourself? A. I was speaking of what the Commission was actually committed to and responsible for.

Q. Were these resolutions that were passed by the Ontario Municipal Electric Association forwarded to the Commission?

A. No.

Q. Have they been dealt with by the Commission?

A. Not that I know of; I don't know that they were.

Did we have any communication from them, Mr. Pope? I was away at the time. Were any resolutions sent to the Commission?

MR. POPE: No, I did not see them.

MR. LUCAS: I think they reached the Commission.

MR. POPE: They may have, I presume they did.

THE CHAIRMAN: Has any action been taken?

SIR ADAM BECK: I was away until the day before yesterday.

MR. POPE: They are usually put on file and then taken up at the next Board meeting.

Q. Was the matter of the appointment of a Minister of Power ever discussed in the Commission? A. I don't know; I have no recollection.

Q. Sir William Hearst mentioned the matter this morning

in his evidence, and he said his impression was that you had opposed the change? A. I know what you mean. The Prime Minister, Sir James Whitney, made the announcement that he was going to constitute the Chairman of the Commission, a Minister of Power, and that he was going to give him that name.

Q. Make him Minister of Power and make it a distinct department of the Government? A. No, Sir.

Q. You did not oppose that? A. No, Sir; he had no intention of making it a distinct department of the Government.

Q. I will read you what he said? A. You asked me a question and I want to explain it; at that time I had been a member of the Commission and Chairman for about six years, and there had been no honorarium or anything of that kind to the members of the Commission or the Chairman.

Q. Of course it is sometime ago and you may not remember it. This is what Sir James Whitney says: "I may say also that in our opinion the time has come when having regard to the conduct of public business under our system, the Hydro-Electric Power Commission should be discontinued and a new department of government created which should take charge of this great work, and the head of which should be a Cabinet Minister. For several reasons this change is desirable". Then he says: "One of the things the people will have to decide is whether a department of government shall be created, with a Cabinet Minister at its head, to take over and carry on the work heretofore done by the Hydro-Electric Power Commission".

That is October, 1911? A. Yes, well, the announcement I have reference to was made, I am sure, on the floor of the House. No, it was given to the press after the adjournment. I know I had left for home, and while I knew that the Prime Minister was going to do something in the way of legislation that would enable the government to pay the Minister, or Col. Hendrie and Mr. McNaught and myself or give an honorarium similar to that received by a Minister.

Q. That is quite different? A. I am telling you what he had in his mind.

Q. I am just reading what he said? A. This is what he explained to me, and that was his object that the Chairman of the Commission would be considered a Minister of the Crown. I took exception to it because I said that was not the condition on which the municipalities agreed to assume this liability and bind themselves together. I could not see any difference between calling the Chairman, Chairman or a Minister of the Crown. I consulted with some of the legal authorities in the building, and some of the Ministers as to how we could bring about what we had in mind, and the matter was then arranged for by special legislation or a bill or some kind and the honorariums were fixed or agreed on, and there was nothing more said about a Minister of Power; although the question was asked at two sessions by the leader of the opposition, the Hon. Mr. Rowell: "When are you appointing the Minister of Power? Why not make it possible to pay an honorarium and settle it?"

Q. Do you know why the proposal to discontinue the Commission and make it a department of the government as proposed by Sir James Whitney was not carried out?

A. No, I do not; he simply passed an Act to bring about what they had in mind.

Q. I think you should accept what he says here? A. He may have said that, I suppose he did. I am only telling you the discussion I had with regard to the matter.

I know he was concerned for two or three years, because I gave practically all my time to this work, and the other members gave a considerable portion of their time, and the other Ministers were being criticized in the House that we were giving our time and they were being paid and we were not being paid, and the Government was anxious that we should have some compensation, and that is the way they proposed doing it. That is all I remember about it.

Q. I think if you are unwilling to express your opinion on these proposals, we will not trouble you any longer?

A. I thank you very much.

Q. Perhaps you might remain while I speak to the other Commissioners. I may have better luck with them?

A. Oh, yes.

LIEUT-COL. HON. D. CARMICHAEL.

TO THE CHAIRMAN:

Q. You are a member of the Commission and have been since 1919? A. Yes.

Q. I noticed sometime ago, a statement by Sir Adam Beck stating that a second power canal should be constructed at

Queenston; did you notice that statement?

A. I think I did, yes.

Q. Before that announcement was made, was the matter taken up in the Commission and discussed as to whether it was desirable? A. As I recall it, the matter was discussed in the Commission to this extent that engineering surveys should be made as to the possibility of constructing a second canal, and that is borne out by this, that for the supplementary estimates now before the House, an appropriation is asked to cover the cost of these surveys; beyond that I cannot say.

Q. Was any conclusion arrived at by the Commission as to whether or not a second canal should be constructed; we do not find any note of it on the minutes?

A. No definite conclusion. It was considered that in view of the power demands of the Niagara District, that some form of meeting that demand would have to be considered, and I think it was concluded that the only way to meet it would be by building a second canal.

Q. As to the St. Lawrence canal, has the Commission arrived at any conclusion on that or decided what should be done about it? A. Practically the same condition exists there: in view of the demand for power, that sometime the St. Lawrence project will have to be considered. Some expenditures have already been made in laying before the International Joint Commission a scheme for the development of the St. Lawrence in conjunction with the proposed navigation development of the River. The scheme for that power development has been drawn up and submitted to the International Joint Commission at the expense of the Hydro.

Q. Has any conclusion been arrived at, that it should be undertaken by Hydro Electric Power Commission?

A. I think I would be safe in saying that it is the opinion of the Commission that some such construction should be undertaken in the future.

Q. Has any resolution been passed by the Commission?

A. Not that I recall. I am not sure what is on the records of the Commission regarding the investigation and the surveys which were actually made by Messrs. Lee and Stewart. I don't recall that there is anything in the proceedings of the Commission regarding or authorizing that work; I imagine there would be; I would not like to say.

Q. In the matter of the Hydro Radial campaign, preceding the municipal elections last January, was the matter dealt with by the Commission and the conditions under which they should come into the city, settled? A. I think the old agreement between the city and the commission dates back to 1916. I do not think any extension or amplification of that scheme has been dealt with by the commission in my time.

Q. The policy of the Commission was stated in very full terms by the Chairman during that campaign; had the matter been taken up by the Commission and a conclusion arrived at before the announcement was made? A. I do not recall anything definite in my time.

Q. Who conducted the negotiations regarding that with the different public bodies that were interested?

A. The Chairman and the Chief Engineer, I think.

Q. There is absolutely no record of the attitude of the Commission as announced by the Chairman at that time; was that an omission or was it not taken up and dealt with at that time?

A. I don't recall that it was dealt with by the Commission; that is the scheme of 1916. Of course in the last campaign, it has been enlarged since that time.

Q. I am speaking more particularly of the enlargement, the additions that were made. The impression that got abroad was that the Commission had secured certain things or made certain changes and we do not find any record on the minutes of the Commission?

A. I do not recall that the matter was submitted to the Commission; it may have been; there is nothing on the records to show.

Q. Have you arrived at any conclusion as a result of your experience as a Commissioner, as to whether or not the changes that have been recommended by the Ontario Municipal Electric Association should or should not be made? A. I have seen that resolution in the Press.

Q. Has it been dealt with by the Commission at all?

A. No, I do not think so; Mr. Pope can tell. I fancy the resolution was received by the Commission and acknowledged by the Secretary.

Q. No action has so far been taken on it?

A. No.

Q. From your experience would you think it desirable or not, to make a change in the membership of the Commission?

A. Do they suggest a change of membership?

Q. It says, "The time has come to take such steps as will relieve the Provincial Government from all financial responsibility and place the administration and control of the Hydro-Electric System in the hands of the municipalities who are owners and are financially responsible for the undertaking?" A. Their resolution briefly is to relieve the Government from all financial responsibility.

Q. Did they suggest to you any way in which that could be brought about? A. No, there have been a variety of opinions expressed as to the way in which it should be done. I do not think any one is alike; in fact some have said they have not considered the way it should be done.

Q. Dealing with the broad question as to whether it is desirable that the Provincial Government should cease to have any control and that the control should be in the hands of the municipalities, have you any opinion to express?

A. I would think it would not be desirable to take all control away from the Government which represents all the people and who are naturally all interested in the distribution of electric energy.

Q. What about the financial responsibility; do you think the Government would be willing to be relieved of all financial responsibility? A. I should think the Government would be willing to be relieved of it if a substitute scheme could be worked out. That, of course, would be difficult. I don't know how it could be done. I would rather hesitate to express an opinion as to how it should be done. I did think at one time that if the municipalities were given entire control of it, a scheme for the

financing of it might be worked out something along lines of the ordinary joint stock company, with the municipalities in the position of shareholders. I should rather hesitate to even put that forward as a considered opinion.

Q. I notice in a pamphlet issued by the Commission, it suggests one of the principal difficulties was in getting the municipalities to act together, and that was one reason for putting it in the control of the Government?

A. Yes.

Q. Have you any opinion which you would care to express as to whether any change in the present method of appointing the Commissioners is desirable? or whether there should be any change in the method of administration?

A. No, I do not think I would be prepared to give a decided opinion on that at all. It might be desirable to discontinue the present system of having a Government representative on the Commission and providing for the control of it in some other way. I have no very definite idea as to how it should be done.

Q. Is there anything that you care to say that has not been covered? A. No, Sir, I do not think so.

TO MR. LUCAS:

Q. The original Radial agreement would be made before your time on the Commission? A. You are referring now to the agreement of 1916?

Q. Do you recall that laid down the route and the width of the right-of-way? A. In a general way; I am not sure that it laid down the route, but it seems to me the number of tracks are included.

Q. The width, I think, is laid down, but no agreement fixing the number of tracks? A. One hundred and five feet in width.

Q. Ninety-seven to a hundred and five? A. Yes, a hundred and five is what I had in mind.

Q. There was no change in that at any time? A. As far as I know.

Q. All the talk about six tracks - there is nothing in the agreement about it? A. Yes, I think that is right.

SIR ADAM BECK: It was never considered by us at all.

COL. CARMICHAEL: As I understand it, the position of the Chairman and Chief Engineer was they were discussing with the city the 1916 agreement.

Q. Did you attend any of the conferences at the City Hall? with the city? A. No, I do not think I did.

SIR ADAM BECK: You were there with Mr. Miller.

COL. CARMICHAEL: When was that?

SIR ADAM BECK: When that agreement was discussed with the Board of Control in 1921.

COL. CARMICHAEL: I remember being present at a meeting of the Council when the Mackenzie clean-up was discussed.

SIR ADAM BECK: No, this was in the Mayor's office.

COL. CARMICHAEL: I remember being there one day.

TO MR. LUCAS: Q. All I want to bring out is that you did not intend to leave the impression that there was anything kept back from you in connection with the agreement; it was dealt with in the usual way?

A. I don't recall that the matter was discussed in the

Commission. Sir Adam says I was present at the meeting of the Board of Control; I would not dispute it.

THE CHAIRMAN: Q. That would be the year before 1921? A. Yes, these matters were not discussed in the Commission.

Q. It was not brought up before the Commission; the records do not show it was brought up? A. This meeting with the Board of Control in the Mayor's office was the only time.

SIR ADAM BECK: The agreement had been dealt with before the Commission.

MR. LUCAS: There is nothing in the agreement about six tracks.

THE CHAIRMAN: Space for six tracks. I am not saying whether anything was in the agreement or not; there was in the public press a great discussion as to four tracks or six tracks.

MR. LUCAS: The width was fixed by the original agreement and never varied.

SIR ADAM BECK: You cannot put six tracks on it.

THE CHAIRMAN: It is a question of whether it was dealt with by the Commission.

MR. LUCAS: It was dealt with before Col. Carmichael's time in the Commission.

THE CHAIRMAN: Col. Carmichael says it was not dealt with before the Commission.

COL. CARMICHAEL: The width had been settled before my time.

SIR ADAM BECK: We had a special meeting of the Commission.

THE CHAIRMAN: Wait.

SIR ADAM BECK: You are making a statement there --

THE CHAIRMAN: We will be glad to hear from you, Sir Adam.

SIR ADAM BECK: I know you are when it suits your purpose.

MR. LUCAS: Col. Carmichael says the agreement was made before his time, that he had full knowledge of the contents of the agreement and that it was not varied.

COL. CARMICHAEL: As a matter of common knowledge.

THE CHAIRMAN: He says the matter was not taken up in the Commission.

MR. LUCAS: Whatever he means by that.

THE CHAIRMAN: Q. Do you adhere to that statement?

A. The old 1916 agreement, as a matter of common knowledge, any variations which may have been considered, I do not think were taken up with the Commission. I do not recall a meeting in the Mayor's office. If Sir Adam says I was there, I am quite willing to admit it.

THE CHAIRMAN: Is there anything you would like to say, Sir Adam, on that point?

SIR ADAM BECK: There was a special meeting and the members were there, and it was dealt with, and the matter of tracks, of course, was never mentioned in the agreement or discussion until somebody made the statement that we did not require six tracks. As a matter of fact, we could not build six tracks on the right of way; it was never considered by the Commission.

COL. CARMICHAEL: There were matters such as the

right of way through the Exhibition Grounds.

THE CHAIRMAN: The Courts held it is not the same agreement? A. I am not sure that was discussed, - tracks through the Exhibition Grounds.

SIR ADAM BECK: The width of the location and the route was fixed.

G. RAMSDEN, HYDRO COMMISSIONER.

TO THE CHAIRMAN:

Q. Is there anything that you would like to say?

A. I have nothing to volunteer.

Q. Have you any opinion as to whether or not the changes asked for by the Electric Association are or are not desirable? A. What changes are those?

Q. That the management should be placed wholly in the hands of the municipalities and the financial responsibility assumed by them? A. I would see no particular objection to it being placed in the hands of the municipalities, if the Government was relieved of all responsibility - payment made to the Government for any indebtedness there is, provided care was taken and all contracts that were made so that the municipalities would have mighty little responsibility.

Q. How can you take the financial responsibility away from the Government and put it on the municipalities without making them, in a very large degree, responsible? If the Government is relieved some one has got to take the responsibility? A. I would say, as the business appears before the Commission since I have been on it, there would be very grave difficulty in financing the proposition, and

in obtaining from the municipalities the amount of money they require.

Q. Sometimes it is well that financing should not be done so easily? A. That might be; there would be that grave difficulty; there would not be the same progress made, in my opinion, in the extension of Hydro, if it were under the municipalities as if it were under the Government. Individual municipalities would slip sometimes. In fact, I doubt if they could finance the initial cost.

COMMISSIONER HANEY: In connection with extensions where they were not directly interested, would there be some difficulty in financing? A. Yes.

THE CHAIRMAN: You have had some experience in municipal matters; you would be able to speak from the standpoint of the municipalities?

A. Yes, the municipalities should know what they want, but my opinion would be it would be safer in the hands of the Government.

Q. Nearly all the municipalities have stated that they don't wish to take the financial responsibility?

A. No, that would be my view, as a private citizen. I have no particular desire to express my views as a member of the Commission with my limited experience.

COMMISSIONER R.A.ROSS: Q. In order to make it a workable programme, would not it be necessary almost to give the Commission autocratic powers? A. I think they have got it now.

Q. If you had to go to every municipality for every little bit of financing, it would be impossible, I should

think, but where you have a Commission in the position of an autocrat, that could determine what should be done and then levy on the municipalities? A. I do not like the word autocrat; we are only autocratic, as far as the Government makes us.

Q. Would you not have to be put in that position in order to function properly? A. I do not think so.

THE CHAIRMAN: I notice Sir Adam Beck in an address states as follows: "It became evident during the later stages of the work of this Commission, and also in the discussions which followed the publication and distribution of the report among the municipalities, that certain serious difficulties of procedure were inherent in any plan which depended for ~~xxx~~ its final accomplishment upon purely municipal initiative"? A. Where was that stated?

THE CHAIRMAN: In an address delivered before the Commission for the conservation of natural resources at Ottawa on the 19th day of January, 1910? A. That sounds like pretty good logic.

Q. That looks pretty sound to you? A. Yes.

MR. LUCAS: Q. How would it apply to the Radial Railway Legislation in force in Ontario today?

THE CHAIRMAN: You had better ask Sir Adam; perhaps he will answer you more freely than he does me.

MR. LUCAS: We have the Radial Railway Legislation left entirely to municipal initiative, and that has been pointed out as the weakness of it.

THE CHAIRMAN: Some said it was, and others said it was not.

MR.RAMSDEN: We do no business at the Hydro unless the municipalities request us to; they pass resolutions requesting us to take action before we take any action.

THE CHAIRMAN: In a recent report some municipalities voted one way and some another.

MR.LUCAS: Anything in the legislation provides that the initiative shall be entirely in the individual municipality.

THE CHAIRMAN: Is there anyone here who would like to be heard on this question we are considering?

MR.LUCAS: Do you recall the resolution having been formally brought before the Commission and noted?

MR.RAMSDEN: There were two or three that came in from different municipalities and they were simply acknowledged.

Q. No action taken? A. No.

SIR ADAM BECK: I was not present at that meeting.

MR.RAMSDEN: No.

THE CHAIRMAN: If there is no other person who wishes to be heard, we will adjourn.

--- Adjourned sine die.
